

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

**DIANE LINK WALLACE, ANGELA MAPLES, LISA  
TAYLOR, MARY E. SISTRUNK, PANDORA MEADORS,  
ANNIE R. SMITH, and NICHELLE HART, on Behalf of  
Themselves and All Others Similarly Situated,**

**Plaintiffs,**

**vs.**

**THE CHICAGO HOUSING AUTHORITY (“CHA”), an  
Illinois Municipal Corporation, and TERRY PETERSON, in  
His Official Capacity as Chief Executive Officer of the CHA,**

**Defendants.**

**03 C 0491  
The Honorable Judge  
Ruben Castillo**

**FIRST AMENDED COMPLAINT**

**I. PRELIMINARY STATEMENT**

1. This suit is brought on behalf of a class of current and former residents of the Chicago Housing Authority who were or will be involuntarily displaced from public housing and segregated into overwhelmingly African-American neighborhoods by Defendants.

2. While Plaintiffs resided in units owned by the Chicago Housing Authority, they endured the longstanding physical deterioration of their homes, and a legacy of racial segregation, crime, and poverty in their communities. These conditions persisted in spite of the economic prosperity of the 1990s, which began to foster economic revitalization and racial integration in neighborhoods surrounding a number of Plaintiffs’ public housing developments.

3. In 1995, Defendant CHA began a policy and practice of vacating and demolishing Plaintiffs’ homes to clear the way for mixed-income communities. As Plaintiffs were displaced from their homes, CHA knowingly failed to provide relocation services to them, or provided

relocation services that discouraged Plaintiffs from renting dwellings in white and integrated neighborhoods because of the race of the persons living in such neighborhoods. In some cases, CHA discouraged Plaintiffs from renting in such neighborhoods by failing to inform them of their desirable features; in others, CHA blatantly steered Plaintiffs to predominately African-American neighborhoods. As a result of these CHA practices and others, the displaced Plaintiffs became segregated in overwhelmingly African-American communities characterized by high poverty, high crime, poor schools and poor municipal services.

4. Over 78 percent of the involuntarily displaced families have been moved to census tracts whose racial composition is over 95 percent African-American. Over 86 percent of the families have been moved to census tracts whose racial composition is over 80 percent African-American, and over 93 percent have been moved to census tracts whose racial composition is over 50 percent African-American. (Paul Fischer, Where Are the Public Housing Families Going? An Update 4 (January 21, 2003), attached hereto as Exhibit A.)

5. Eighty percent of the families have been moved to census tracts above the city average of 16.6 percent of households living in poverty, and 50 percent of the families have been moved to census tracts with more than double the citywide poverty percent. (Id. at 6.)

6. Defendants' policies and practices violate federal law and Defendants' contractual obligations, and have harmed both the broader community and Plaintiffs, who have been uprooted from their revitalizing communities and involuntarily segregated in economically marginal neighborhoods. Plaintiffs have endeavored to negotiate with Defendants, to no avail, and their only remedy is the present suit.

## **II. JURISDICTION AND VENUE**

7. This court has jurisdiction over Plaintiffs' claims under 28 U.S.C. §§ 1331 (federal question), 1343 (civil rights), 1367 (supplemental jurisdiction), and 42 U.S.C. § 3613 (fair housing).

8. Venue is proper in this judicial district under 28 U.S.C. § 1391(b).

## **III. JURY DEMAND**

9. Plaintiffs demand trial by jury on each and every claim to which they are so entitled.

## **IV. PARTIES**

### **A. The Plaintiffs**

10. Plaintiff Diane Link Wallace is an African-American female who, as a result of Defendant CHA's failure to maintain her home at the ABLA public housing development in habitable condition, was involuntarily displaced and relocated by Defendants in 1997 to an impoverished and overwhelmingly African-American neighborhood. She subsequently moved to 7925 South Peoria, an overwhelmingly African-American neighborhood where she currently resides with her two children, but she would like to move to a racially integrated neighborhood with better services, including better schools, or back to a new unit at a revitalized ABLA.

11. Plaintiff Angela Maples is an African-American female who was involuntarily displaced in 2002 by Defendants from her former home at the Stateway Gardens public housing development and relocated by Defendants to an overwhelmingly African-American, poverty-

stricken neighborhood. She currently lives at 7310 South Jeffrey Boulevard, but she would like to move to a racially integrated neighborhood with better services, or back to a new unit at a revitalized Stateway Gardens public housing development.

12. Plaintiff Lisa Taylor is an African-American female who, as a result of Defendant CHA's failure to maintain her home at the ABLA public housing development in habitable condition, was involuntarily displaced and relocated by Defendants in 1997 to a predominately African-American, poverty-stricken neighborhood. She currently lives at 2438 West 64<sup>th</sup> Street and would like to move to a racially integrated, safe, and more economically prosperous neighborhood with better services, or back to a revitalized ABLA.

13. Plaintiff Mary E. Sistrunk is an African-American female who was involuntarily displaced by Defendants in 1996 from her former home at the Robert Taylor public housing development and, over the course of the following seven years, relocated by Defendants to a series of predominately African-American, poverty-stricken neighborhoods. Ms. Sistrunk currently lives with her eight children in a predominately African-American neighborhood at 8641 South Marquette Avenue, but would like the opportunity to move to a racially integrated, and more prosperous neighborhood with better services, including better schools.

14. Plaintiff Pandora Meadors is an African-American female who was involuntarily displaced by Defendants in 1996 from her former home at the Cabrini-Green public housing development and relocated, without any assistance from Defendants, to a predominately African-American, poverty-stricken neighborhood. Ms. Meadors currently lives with her children at 4303 West Cortez Street, but would like the opportunity to move to a racially integrated and more prosperous neighborhood with better services, including better schools, or back to a revitalized Cabrini-Green.

15. Plaintiff Annie R. Smith is an African-American female who has been three times transferred from apartment to apartment at the Ida B. Wells public housing development since Defendant CHA began its demolition activities at Wells in 1996. Her current home at 532 East 38<sup>th</sup> Street in Wells, where she lives with her four children, is scheduled for demolition in 2005, at which time Ms. Smith and her family will suffer their fourth displacement. Although Ms. Smith desires to live in Wells after it is revitalized, she would like to exercise her right to temporarily relocate with a housing choice voucher to a racially integrated and more prosperous neighborhood with better services, including better schools.

16. Plaintiff Nichelle Hart is an African-American female who was involuntarily displaced from her home at 3616 South State Street in April 2003. Ms. Hart and her six children moved to a predominately African-American, poverty stricken neighborhood at 6727 South Green Street. Although Ms. Hart wishes to ultimately return to Stateway Gardens it is revitalized, she would like the opportunity now to move to a racially integrated, and more prosperous neighborhood with better services, including better schools.

**B. The Defendants**

17. Defendant Chicago Housing Authority (“CHA”) is an Illinois municipal corporation, created and existing under the Illinois Housing Authorities Act, 310 ILCS 10/1 et seq. The CHA is a Public Housing Agency within the meaning of 42 U.S.C. § 1437 and administers federally subsidized and assisted low-rent housing as authorized by the United States Housing Act (“USHA”).

18. Defendant Terry Peterson is the Chief Executive Officer of the CHA. He is charged with administering the agency's policies, including those related to all public housing and housing choice voucher programs of CHA.

**C. Class Action Allegations**

19. Plaintiffs bring this action pursuant to Fed. R. Civ. P. 23(a) and (b)(2), on behalf of a class that is defined as follows:

All persons who, on or after January 1, 1995, resided in and were subsequently moved out of, or will be moved out of CHA public housing using a Section 8 voucher or certificate or a "Housing Choice Voucher," as a result of the actual demolition, de facto demolition, or proposed demolition of their dwelling units.

20. **Numerosity.** The class is so numerous that joinder of all members is impracticable. Upon information and belief, it is comprised of approximately 8,157 families – 2,157 families that CHA relocated between 1995 and 1999 and 6,000 families that CHA projected in January 2000 that it would thereafter relocate as part of its ongoing demolition and relocation policies.

21. **Commonality.** There are questions of law and fact common to members of the proposed class, including, but not limited to the following:

- a. Have the Defendants operated a program of building closure, demolition and forced relocation that has perpetuated segregation in the Chicago metropolitan area, in violation of the Fair Housing Act?
- b. Have the Defendants operated a program of building closure, demolition and forced relocation that has had an adverse disparate impact upon African-Americans, women, and families with children, in violation of the Fair Housing

Act?

- c. Have the Defendants failed to affirmatively further fair housing, in violation of the Fair Housing Act, Executive Orders 11063 and 12892, and the Quality Housing and Work Responsibility Act of 1998?
  - d. Have the Defendants discriminated against Plaintiffs on the basis of race in violation of the Fair Housing Act and Title VI of the Civil Rights Act of 1964 by intentionally steering Plaintiffs to racially segregated neighborhoods?
  - e. Have the Defendants failed to operate a relocation assistance program that adequately assesses the needs and preferences of the Plaintiffs, in violation of the Uniform Relocation Act of 1970?
  - f. Have the Defendants failed to operate a relocation assistance program that gives the Plaintiffs reasonable opportunities to relocate to replacement dwellings that are not located in areas of African-American concentration, in violation of the Uniform Relocation Act of 1970?
22. Declaratory and injunctive relief are appropriate with respect to the class as a whole because Defendants have acted and are acting on grounds generally applicable to the class.

23. **Typicality.** The individual Plaintiffs' claims are typical of the claims of the class as a whole in that all of the named Plaintiffs have been segregated or will be segregated by the practices of Defendants into African-American neighborhoods, giving rise to claims under Title VI of the Civil Rights Act of 1964, the Fair Housing Act, the Quality Housing and Work Responsibility Act of 1998, and the Uniform Relocation Act of 1970.

24. **Adequacy of class representatives and class counsel.** The named Plaintiffs and their counsel will adequately represent the class.

**Subclasses**

25. Within the above-described class there are Plaintiffs who have some additional claims that are not shared by other Plaintiffs, and who seek relief distinct from that sought by other Plaintiffs. For this reason, it is appropriate pursuant to Fed. R. Civ. P. 23(c)(4) to recognize two subclasses, each brought pursuant to Fed. R. Civ. P. 23(b)(2).

26. **Class members relocated after October 1999.** Upon information and belief there are at least 1,200 families who have been relocated since the effective date of the Relocation Rights Contract for CHA residents, October 1999, making this subclass so **numerous** that joinder of all members would be impracticable.

27. There are questions of law and fact **common** to the proposed subclass, which include all of those set forth for the general class, as well as the following questions:

- a. Have the Defendants breached ¶ 6(a) of the Relocation Rights Contract executed between the CHA Defendants and the subclass Plaintiffs by failing to make available meaningful mobility counseling to the subclass Plaintiffs?
- b. Have the Defendants breached ¶ 5(b) of the Relocation Rights Contract by failing, prior to relocating any covered leaseholder, to make a good faith effort to negotiate with each affected Local Advisory Council (“LAC”) of CHA residents a Memorandum of Agreement (“MOA”) that reflects property-specific understandings with respect to the redevelopment process?
- c. Have the Defendants breached ¶ 11(a) of the Relocation Rights Contract by failing to consistently issue quarterly reports?

d. Have the Defendants breached ¶ 4(a) of the Relocation Rights Contract by failing to provide comparable replacement housing to the subclass Plaintiffs?

28. Declaratory and injunctive relief are appropriate with respect to the entire subclass because the Defendants have acted on grounds generally applicable to the subclass.

29. The claims of Plaintiffs Angela Maples and Nichelle Hart are **typical** of the claims of the subclass as a whole in that they claim that Defendants have breached their obligations under the Relocation Rights Contract.

30. **Class members residing in public housing who will be relocated.** Upon information and belief there are approximately 256 families who will be involuntarily displaced with Section 8 vouchers in 2003, and approximately 4,636 families may be involuntarily displaced with Section 8 vouchers in the future (the 6,000 movers estimated by CHA in 2000 less the estimated 1,364 movers who will have relocated from 2000-2003), making this subclass so **numerous** that joinder of all members would be impracticable.

31. In addition to all the questions of law and fact **common** to the general class and subclass of families who relocated after October 1999, the second subclass have distinct questions of law and fact stemming from their posture as current residents who have not yet been, but will be relocated in the future.

32. The claims of Plaintiff Annie Smith are **typical** of the claims of the subclass as a whole in that she claims that Defendants' plans will cause her to become relocated to a racially segregated neighborhood.

33. Declaratory and injunctive relief are appropriate with respect to the entire subclass because the Defendants have planned to act on grounds generally applicable to the subclass.

**V. STATUTORY AND REGULATORY SCHEME**

**A. The Housing Choice Voucher Program**

34. Defendants have relocated Plaintiffs from their original homes in public housing using a government program called the Housing Choice Voucher (“HCV”) Program, formerly known as the Section 8 voucher and certificate programs.

35. The HCV program is one of various federal rental subsidy programs ultimately administered by the United States Department of Housing and Urban Development (“HUD”). In the HCV program, HUD funds and regulates state or local governmental entities called public housing agencies (PHAs), which directly administer the program.

36. In Chicago, Defendant CHA is the PHA responsible for administering the HCV program, but Defendant CHA has contracted with Quadel Consulting Corporation and its subsidiary CHAC, Inc., to directly administer the program.

37. Families participating in the HCV program rent units that meet program housing quality standards. If after inspecting a prospective unit, the PHA approves a family's unit and tenancy, the PHA enters into a “housing assistance payment contract” with the owner to make rent subsidy payments on behalf of the family. 24 C.F.R. 982.1.

38. The amount of the rental subsidy is calculated based on a local “payment standard” that reflects the cost to lease a unit in the local housing market. If the rent is less than the payment standard, the family generally pays 30% of adjusted monthly income for rent. If the rent is more than the payment standard, the family also pays the amount by which the rent exceeds the payment standard, up to 40% of the family’s adjusted monthly income. Id.

**B. The Fair Housing Act**

39. The Plaintiffs claim that their forced relocation into racially segregated neighborhoods violates the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, 42 U.S.C. §§ 3601, et seq. The Fair Housing Act provides in relevant part that "it shall be unlawful":

- a. To . . . make unavailable or deny[] a dwelling to any person because of race, color, . . . sex, [or] familial status. . . .
- b. To discriminate against any person in the terms, conditions, or privileges of . . . rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, sex [or] familial status. . . .
- c. To make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the . . . rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, . . . sex, [or] familial status . . . or an intention to make any such preference, limitation, or discrimination.
- d. To represent to any person because of race, color, . . . sex [or] . . . familial status . . . that any dwelling is not available for inspection . . . or rental when such dwelling is in fact so available.

42 U.S.C. § 3604.

40. HUD has promulgated regulations implementing the above language to prohibit practices generally referred to as "steering":

It shall be unlawful, because of race, color . . . sex, [or] . . . familial status . . . to restrict or attempt to restrict the choices of a person by word or conduct in connection with seeking, negotiating for, buying or renting a dwelling so as to perpetuate, or tend to perpetuate, segregated housing patterns, or to discourage or obstruct choices in a community, neighborhood or development.

24 C.F.R. 100.70(a).

41. HUD regulations define such steering to include:

Discouraging the purchase or rental of a dwelling because of race, color, religion, sex, handicap, familial status, or national origin, by exaggerating drawbacks or failing to inform any person of desirable features of a dwelling or of a community, neighborhood, or development.

24 C.F.R. 100.70(b)(2).

42. The Fair Housing Act provides further that HUD shall administer its programs and activities relating to housing and urban development in a manner affirmatively to further fair housing. 42 U.S.C. § 3608(e)(5).

43. HUD has, in turn, promulgated regulations mirroring the language of 42 U.S.C. § 3608(e)(5) requiring local housing authorities to affirmatively further fair housing. 24 C.F.R. §§ 960.103(b), 982.53(c).

44. Additional regulations expand upon the nature of this obligation, requiring that the local authorities annually certify to HUD that they will affirmatively further fair housing, see 24 C.F.R. 903.7(o) (public housing plans); 24 C.F.R. 982.53(b) (housing choice voucher program requirements), and setting forth the standards by which such certification shall be judged, see 24 C.F.R. § 903.7(o)(3).

45. HUD has also promulgated regulations expanding upon the prohibition of § 3604(b) upon discrimination in the terms, conditions, or privileges of the rental of a dwelling. Among the prohibited practices described by HUD is “[f]ailing or delaying maintenance or repairs of . . . rental dwellings because of race, color . . . sex . . . [or] familial status. . . .” 24 C.F.R. § 100.65(b)(2).

### **C. Executive Orders 11063 and 12892**

46. Executive Order 11063, issued by President Kennedy, and titled "Equal Opportunity in Housing," directs "all departments and agencies in the executive branch of the

Federal Government, insofar as their functions relate to the provision, rehabilitation, or operation of housing and related facilities, to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin. . . ." Exec. Order 11063, § 101, 27 Fed. Reg. 11527 (Nov. 20, 1962).

47. Executive Order 12892 mandates that the Secretary of HUD affirmatively further fair housing, directs other federal agencies to cooperate with HUD in the order's enforcement, and amends the language of 11063 to extend its reach to the prevention of discrimination on the basis of sex, disability, and familial status. Exec. Order 12892, §§ 2-201, 6-604(b), 59 Fed. Reg. 2939 (Jan. 17, 1994).

48. HUD has promulgated regulations implementing Executive Orders 11063 and 12892, which provide as follows:

All persons receiving assistance from, or participating in any program or activity of the Department involving housing and related facilities shall take all action necessary and proper to prevent discrimination on the basis of race, color, religion (creed), sex or national origin.

24 C.F.R. § 107.21 (2003).

**D. Title VI of the Civil Rights Act**

49. Title VI of the Civil Rights Act of 1964 provides that "[n]o person in the United States shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving Federal financial assistance." 42 U.S.C. § 2000d.

50. HUD regulations implementing Title VI state that a recipient of federal funding may not on the basis of race, color or national origin:

- (i) Deny a person any housing, accommodations, facilities, services, financial aid, or other benefits provided under the program or activity;
- (iii) Subject a person to segregation or separate treatment in any matter related to his receipt of housing, accommodations, facilities, services, financial aid, or other benefits under the program or activity;
- (iv) Restrict a person in any way in access to such housing, accommodations, facilities, services, financial aid, or other benefits, or in the enjoyment of any advantage or privilege enjoyed by others in connection with such housing, accommodations, facilities, services, financial aid, or other benefits under the program or activity;

24 C.F.R. § 1.4(b)(1).

51. The regulations also impose a duty upon a covered agency to take affirmative steps to remedy past discrimination:

- i. In administering a program regarding which the recipient has previously discriminated against persons on the ground of race, color, or national origin, the recipient must take affirmative action to overcome the effects of prior discrimination. . . .
- ii. Where previous discriminatory practice or usage tend . . . to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which this Part 1 applies, the applicant or recipient has an obligation to take reasonable action to remove or overcome the consequences of the prior discriminatory practice or usage, and to accomplish the purpose of the act.

24 C.F.R. § 1.4(b)(6).

**E. The Quality Housing and Work Responsibility Act**

52. The process of demolition and forced relocation initiated by Defendants is governed, in part, by the Quality Housing and Work Responsibility Act of 1998 (“QHWRA”), Pub. L. 105-276, 112 Stat. 2461.

53. QHWRRA requires every public housing authority to prepare and submit for HUD approval an “annual public housing agency plan” detailing the PHA’s policies in the administration of its programs.

54. The Act requires the PHA to certify in the plan that it will “carry out the public housing agency plan in conformity with...the Fair Housing Act...and will affirmatively further fair housing.” 42 U.S.C. § 1437c-1(d)(15).

#### **F. The Uniform Relocation Act**

55. Congress passed the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (hereinafter the “Uniform Relocation Act” or “URA”), 42 U.S.C. § 4601, et seq., in order to ensure that persons displaced from their homes as a result of government action are not materially disadvantaged by their forced relocation.

56. The URA and its implementing regulations specify that:

- a. A displacing agency, before approving a project, must assess the characteristics and needs of the households to be displaced, 42 U.S.C. § 4625(c)(1); 49 C.F.R. § 24.205(c)(2)(i)), and determine whether qualified replacement housing is available to meet those needs, 49 C.F.R. § 24.205(a)(2), 24 C.F.R. § 970.8(d)(3).
- b. A displacing agency must “[a]ssure that a person not be required to move from a dwelling unless the person has had a reasonable opportunity to relocate to a comparable replacement dwelling.” 42 U.S.C. § 4625(c)(3). The URA defines the term “comparable replacement dwelling” as a “dwelling that is (1) decent, safe and sanitary; (2) adequate in size to accommodate the occupants; (3) within the financial means of the displaced person; (4) functionally equivalent; (5) in an area not subject to unreasonable adverse environmental conditions; and (6) in a location generally not less desirable than the location of the displaced person's dwelling with respect to public utilities, facilities, services, and the displaced person's place of employment.” 42 U.S.C. § 4601(10).
- c. “Wherever possible, minority persons shall be given reasonable opportunities to relocate to decent, safe and sanitary replacement dwellings, not located in an area

of minority concentration, that are within their financial means." 49 C.F.R. § 24.205(c)(2)(ii)(C).

**G. The Moving to Work Agreement**

57. On or about February 6, 2000, HUD and CHA entered into an agreement known as the Moving to Work Demonstration Agreement. (See Moving to Work Agreement, attached hereto as Exhibit B.)

58. The Moving to Work Demonstration Agreement incorporates a Resident Protection Agreement and a Memorandum of Approval, both of which control in the event that either one conflicts with the Moving to Work Demonstration Agreement. (Id. at 3.)

59. The Memorandum of Approval provides:

HUD agrees on the importance of mobility counseling to the success of CHA's plan. Therefore, HUD will approve CHA's request to temporarily convert a portion of its Section 8 vouchers into a funding source of \$25 million for relocation costs. (Id. at 6.)

60. The Memorandum of Approval further provides:

The Resident Protection Agreement requires as a condition for HUD's continued approval of CHA's waiver requests that:

- a. relocating families "receive extensive pre-move counseling, assistance in accessing services, Section 8 mobility counseling so that they can make informed choices and secure adequate housing, and post-move counseling;" (Id. at 9.)
- b. second-move mobility counseling be provided "to all existing Section 8 families who indicate an intention to move, or who must move for various reasons;" (Id.)
- c. "CHA will work with various organizations to expand landlord participation and receptiveness of neighbors;" (Id. at 8.)
- e. CHA will "contract for quarterly testing for fair housing compliance throughout the section 8 and public housing programs." (Id. at 8-9.)

61. Finally, the Moving to Work Agreement itself requires CHA to “administer its programs and activities in a manner affirmatively to further fair housing.” (Id. at 5.)

#### **H. The Relocation Rights Contract**

62. On January 16, 2001, CHA and the Central Advisory Counsel of CHA tenants agreed to the terms of a Relocations Rights Contract, to be incorporated into the lease of every CHA tenant in occupancy on October 1, 1999. (See Relocation Rights Contract, attached hereto as Exhibit C at 2.)

63. The contract establishes the obligations of CHA with respect to the relocation of residents, the specific rights of CHA residents within the relocation process, and the temporary and permanent choices for replacement housing available to residents.

64. The contract states that “Mobility Counseling is available for Leaseholders who indicate an interest in moving to opportunity areas or to low poverty or racially diverse census tracts.” (Id. at 6(a).)

65. The contract assures residents “comparable replacement housing” (id. at ¶ 4), defined, in relevant part, as housing that is “located in an area not less desirable than the location of the Leaseholder’s original dwelling unit with respect to commercial and public facilities. . . .” (Id. at ¶ 10.)

66. The contract requires that prior to relocating any Leaseholder, the CHA shall:

As part of the redevelopment process, enter into a Redevelopment Agreement that may include terms that affect the relocation process for the development. The Redevelopment Agreement will address site specific relocation issues not covered in this Contract . . . The CHA will make a good faith effort to enter into a MOA with the LAC [Local Advisory Council] that reflects any property specific understandings with respect to the redevelopment process.

(Id. at ¶ 5(b).)

67. Furthermore, the Contract requires CHA to report to the community at large on development and relocation activities on a quarterly basis. Each report shall include “site-by-site information . . . [regarding] timely service of notices, the timely presentation of relocation information, completed recertifications, family status as a result of recertification, and HCS [housing choice survey] results . . . Section 8 utilization information and . . . the number of expired Section 8 vouchers where families are not successful in finding housing.” (Id. at ¶ 11(a).)

## **VI. STATEMENT OF FACTS**

### **A. CHA’s Racially Segregative Policies and Practices**

68. From 1995 until the present, Defendant CHA has continuously and consistently implemented a policy and practice of displacing Plaintiffs from their homes to allow the rapid demolition of the family housing developments.

69. During this time, Defendant CHA continuously and consistently pursued a policy and practice of allowing the condition and safety of public housing to deteriorate, creating an incentive for Plaintiffs to quickly relocate to the private rental market with housing choice vouchers.

70. The relocation policies and practices that Defendant CHA pursued during this time for those Plaintiffs who accepted vouchers had the effect of discouraging Plaintiffs from inspecting or renting in predominately white or racially integrated neighborhoods, because:

- (a) Defendant CHA failed to provide any relocation services whatsoever; and/or

(b) Defendant CHA and its agents failed to inform Plaintiffs of the desirable features of such neighborhoods; and/or

(c) Defendant CHA and its agents actively steered Plaintiffs to predominately African-American neighborhoods; and/or

(d) Defendant CHA failed to effectively take affirmative steps such as outreach to landlords in predominately white or racially integrated neighborhoods, the creation of incentives for its agents to relocate families to such neighborhoods, or the provision of social services to families to assist their move to such neighborhoods.

71. In engaging in the above actions or omissions, CHA intended and/or knew or should have known that its actions and omissions would have the effect of discouraging Plaintiffs from inspecting or renting in predominately white or racially integrated neighborhoods because of the race of the persons living in such neighborhoods.

72. Defendant CHA's policies and practices have continued and still continue uninterrupted despite intervening events such as:

- (a) CHA's contracting for the provision of relocation services for CHA relocatees;
- (b) the formal adoption of a published "Plan for Transformation";
- (c) the execution of the Moving to Work and Relocation Rights contracts; and
- (d) the relocation services provided by CHAC to "second mover" HCV-holder families, variously called CHAC's "Mobility" or "Housing Opportunity" Program.

## **B. The Historical Genesis of the CHA Policies and Practices**

73. Defendant CHA built its family public housing as segregated housing for African-Americans. In the case of Gautreaux v. Chicago Hous. Auth., 296 F. Supp. 907 (N.D. Ill. 1969),

CHA was adjudicated to have done so deliberately, thus violating the rights of African-American residents to equal protection of the law.

74. In the fifty-four family housing developments operated by CHA in 1968, 91% of the units were located in areas that were or soon would be substantially all African-American.

75. To this day, public housing in Chicago remains disproportionately composed of African-American, female-headed households with children.

76. Approximately 93% of the residents in CHA's family developments are African-American; approximately 88% of the households are headed by females; and the average household size is 3.1, meaning that many CHA households include multiple children.

77. Over the course of the decades following construction of the family developments, CHA neglected its duty to properly maintain them, and the living conditions in many of the developments deteriorated severely.

78. By 1995, HUD estimated that 58% of CHA's 40,000 units were uninhabitable.

79. While the CHA developments deteriorated, the flourishing economy of the mid-1990s brought a process of gentrification to many of the neighborhoods surrounding CHA developments.

80. The average increase, for instance, in median household income from 1990 to 2000 for the census tracts in which the development of Cabrini-Green was located, and for those tracts bordering Cabrini-Green, was \$28,460.

81. In some cases, such as that of Cabrini-Green, neighborhoods surrounding the developments became increasingly inhabited by white residents.

82. Beginning in approximately 1995, CHA instituted a policy of demolishing its stock of public housing based upon applications submitted by CHA pursuant to the

“Homeownership and Opportunity for People Everywhere” (“HOPE VI”) Program, which applications were approved by HUD.

83. These applications cited CHA’s plans to replace public housing developments with “mixed-income communities,” which would dramatically reduce the number of public housing units on each site.

84. Demolition began in 1995 at Cabrini-Green, and accelerated over subsequent years at other CHA developments, including Robert Taylor Homes, Henry Horner Homes, Clarence Darrow Homes, ABLA and Lakefront Homes.

85. As CHA demolished or vacated buildings, it continuously pursued a practice of encouraging residents to accept rental vouchers under the Section 8 rental voucher program (now the HCV program) and move into the private rental market.

86. In January 2000 CHA coined a name for its demolition and relocation policies – the “Plan for Transformation,” and submitted a document so-titled to HUD outlining its plans, along with a list of commitments, waivers and requests.

87. The Plan called for the demolition of 51 of Chicago’s gallery-style high-rise buildings, as well as several thousand mid-rise and low-rise units.

88. On or about February 6, 2000, HUD entered into an agreement with CHA called the Moving to Work Agreement, which granted CHA approval for its policy of demolition and relocation, as well as relief from regulations governing how CHA spent federal funds. (Moving to Work Agreement, attached hereto as Exhibit B.)

89. In return, CHA committed to take certain steps to protect the rights of CHA residents, including entering into a legally enforceable agreement with the residents concerning their rights within the relocation process.

90. Accordingly, on January 16, 2001, CHA agreed with the Central Advisory Council of CHA residents to the terms of a Relocation Rights Contract to be entered into between CHA and each leaseholder in occupancy as of October 1999. (Relocation Rights Contract, attached hereto as Exhibit C.)

91. This contract gave residents who thereafter relocated from CHA developments as a result of demolition the option to return, subject to a multitude of stipulations.

92. In implementing its freshly named policies, CHA continued to pursue a practice of demolition that was massive in scope and unrelenting in pace, and which gave relocating residents little time to find new homes.

93. At the same time, CHA built little new housing. From 1999 to 2002, CHA demolished 11,053 units in its family properties, but built only 758 new units, adding to the strain on Chicago's rental market for low-income persons.

94. By the end of 2003, CHA plans to demolish another 2,600 units in its family properties (Plan for Transformation, attached hereto as Exhibit D at append. 5, pg. 80), bringing the total number of units demolished pursuant to the Plan to 13,653, or 71.4% of the 19,133 units scheduled for demolition pursuant to the Plan.

### **C. CHA's Racial Steering Practices**

95. From 1995 until approximately 1997, CHA did not operate any program to assist the hundreds of families relocating from demolished or vacated units.

96. In approximately 1997, CHA hired Changing Patterns for Families, Inc. ("Changing Patterns"), to provide relocation services to CHA families.

97. Upon information and belief, relocating families asked Changing Patterns for assistance with moving to neighborhoods that were not predominately African-American.

98. Upon information and belief, apartments for which Plaintiffs qualified were available in neighborhoods that were not predominately African-American.

99. Upon information and belief, Changing Patterns failed to provide assistance to families to move to neighborhoods that were not predominately African-American.

100. Upon information and belief, Changing Patterns followed and has continued to follow a custom and practice of relocating families to predominately African-American neighborhoods.

101. Upon information and belief, CHA knew that Changing Patterns followed a custom and practice of relocating families to predominately African-American neighborhoods.

102. Upon information and belief, CHA failed to take any action to prevent Changing Patterns from relocating families to predominately African-American neighborhoods.

103. In late 1999, CHA retained Family Dynamics, Inc., in addition to Changing Patterns, to provide relocation services and housing search assistance to residents displaced by its policies.

104. Upon information and belief, relocating families asked Family Dynamics for assistance with moving to neighborhoods that were not predominately African-American.

105. Upon information and belief, apartments for which Plaintiffs qualified were available in neighborhoods that were not predominately African-American.

106. Upon information and belief, Family Dynamics failed to provide assistance to families to move to neighborhoods that were not predominately African-American.

107. Upon information and belief, Family Dynamics followed a custom and practice of relocating families to predominately African-American neighborhoods.

108. Upon information and belief, CHA knew that Family Dynamics followed a custom and practice of relocating families to predominately African-American neighborhoods.

109. Upon information and belief, CHA failed to take any action to prevent Family Dynamics from relocating families to predominately African-American neighborhoods.

110. In approximately early 2001, CHA terminated Family Dynamics' contract.

111. In approximately mid-2001, CHA retained E.F. Ghoughan and Associates, Inc., in addition to Changing Patterns, to provide relocation counseling to CHA residents.

112. Upon information and belief, relocating families asked E.F. Ghoughan for assistance with moving to neighborhoods that were not predominately African-American.

113. Upon information and belief, apartments for which Plaintiffs qualified were available in neighborhoods that were not predominately African-American.

114. Upon information and belief, E.F. Ghoughan failed to provide assistance to families to move to neighborhoods that were not predominately African-American.

115. Upon information and belief, E.F. Ghoughan followed and has continued to follow a custom and practice of relocating families to predominately African-American neighborhoods.

116. Upon information and belief, CHA knew that E.F. Ghoughan followed a custom and practice of relocating families to predominately African-American neighborhoods.

117. Upon information and belief, CHA failed to take any action to prevent E.F. Ghoughan from relocating families to predominately African-American neighborhoods.

#### **D. The Discriminatory Effect of the CHA Policies and Practices**

118. In 1999, Professor Paul Fischer published a study showing that relocated public housing residents had become overwhelmingly clustered in some of Chicago's poorest, most

racially segregated neighborhoods. (Paul Fischer, Section 8 and the Public Housing Revolution: Where Will the Families Go? (1999).)

119. CHA knew, or should have known about the findings of Professor Fischer, which were based upon data received from CHA's agent, CHAC, Inc.

120. In 2003, Professor Fischer released a second study that showed that families relocated by CHA continued to be almost uniformly segregated into high poverty, African-American neighborhoods. (Paul Fischer, Where Are the Public Housing Families Going? An Update (January 21, 2003), attached hereto as Exhibit A.)

121. The displaced families have been segregated regardless of what year they moved (Id.)

122. The displaced families have been segregated regardless of whether they made a second, third, or fourth move. (Id.)

123. The displaced families have been segregated regardless of which development was the family's development of origin. (Id.)

124. The segregation of dislocated public housing residents has had an adverse disparate impact on African-Americans. Compared to Cook County and Chicago, where 23% and 36.8%, respectively, of all residents are African-American, 93% of all residents of the CHA family developments are African-American.

125. The segregation of dislocated public housing residents has had an adverse disparate impact on women. Compared to Cook County and Chicago, where 51.6% and 51.5%, respectively, of all persons are female, 63% of all residents of CHA's family developments are female. Even more striking, compared to Cook County and Chicago, where 15.6% and 18.9%, respectively, of all

households are headed by a female without a husband present, 88% of all households in the CHA family developments are headed by a female.

126. The segregation of dislocated public housing residents has had an adverse disparate impact on families with children. Compared to Cook County and Chicago, where the average household size is 2.68 and 2.67, respectively, the average household size for the family developments is 3.1. While only 30.9% and 28.9% of all family households in Cook County and Chicago, respectively, have children under the age of 18, upon information and belief, a disproportionately greater percentage of Plaintiffs have children under the age of 18.

**E. The Named Plaintiffs**

**(i) Diane Link Wallace**

127. Until 1997 Diane Wallace lived with her two foster children at 1255 South Washburne in the Robert Brooks Homes, within the larger public housing development commonly referred to as ABLA.

128. In 1997, Ms. Wallace's apartment flooded because of bursting sewage pipes, causing damage to her possessions and an infestation of mold.

129. The mold, along with high lead paint levels, placed the health and safety of Ms. Wallace's asthmatic foster children at risk.

130. When Ms. Wallace reported the flooding to Defendant CHA, it offered to give her a Section 8 voucher, and relocate her to a unit in the private market.

131. Since she had no other choice for housing, Ms. Wallace accepted, and on that same day that she reported the problems, she moved to a two-unit apartment building at 5241 South Bishop, where an agent of CHA knew the landlord.

132. Ms. Wallace's apartment on South Bishop suffered from multiple problems, including rats, roaches, and a broken bathtub. Both of the building's apartments were connected to her heat and electricity accounts, and her landlord repeatedly entered her apartment at night unannounced. With rampant drug and criminal activity occurring in front of the building almost daily, Ms. Wallace feared for her children's safety.

133. The closest school, Libby Elementary, provided an inadequate education to Ms. Wallace's first-grade daughter, failed to appropriately diagnose her with a learning disability (she having suffered from lead poisoning), and wrongfully expelled her.

134. In spite of the serious condition problems in the apartment, Defendant CHA's agent, CHAC, repeatedly held that it complied with housing quality standards until the fall of 2001, when it finally allowed Ms. Wallace to move.

135. Ms. Wallace was interested in moving to a safer and more racially diverse neighborhood with better schools, so she signed up for the "Second Mover" program, now called the "Housing Opportunity Program," or "HOP," which is run by Defendant CHA's agent, CHAC, and is designed to help voucher holders move to neighborhoods of opportunity.

136. Ms. Wallace advised CHAC that she wanted to live near the racially integrated and economically more prosperous neighborhood of Ford City, but the apartment to which CHAC finally helped her move was at 7925 South Peoria.

137. This apartment, in which Ms. Wallace continues to reside, suffers from a variety of problems that affect the health and safety of Ms. Wallace and her asthmatic children, including leaking faucets, cockroaches, unaffixed floor tiles, poor insulation, insecure mailboxes, and inadequate heat.

138. The neighborhood surrounding her apartment is almost entirely African-American, with poor schools and a high percentage of its residents living in poverty.

**(ii) Angela Maples**

139. In 1985, Angela Maples and her daughter moved to 3544 South State Street within the Stateway Gardens public housing development.

140. In 2001, Defendant CHA placed Ms. Maples' home on the demolition schedule for autumn 2002.

141. In March 2002, Ms. Maples received her housing choice voucher. Changing Patterns, the relocation agency charged with relocating Stateway Gardens residents, would only identify units for Ms. Maples in high poverty, predominately African-American neighborhoods on the City's South Side.

142. When Ms. Maples asked to see units on the City's North Side, her Changing Patterns counselor responded that she could not rent an apartment on the North Side because she was not employed. The counselor refused to help her even identify potential units on the North Side.

143. Ms. Maples fared no better with two other Changing Patterns counselors. The second counselor finally relented to her repeated requests to see units on the North Side and gave her an address for an apartment on the far Northwest side. The counselor, however, could tell Ms. Maples nothing about the neighborhood or the apartment.

144. The third and final counselor only identified units for Ms. Maples on the South Side, but agreed to go with Ms. Maples to units on the North Side if she located them herself.

145. On September 26, 2002, resigned that she would be unable to move to the North Side, Ms. Maples moved to a unit shown to her by Changing Patterns at 7310 South Jeffrey Boulevard, where she currently resides.

146. In September 2002, Ms. Maples attended a relocation meeting for residents of 3544 South State Street. Officials from CHA, Changing Patterns, CHAC, and the property management were present.

147. At this time, Ms. Maples and other residents complained that Changing Patterns staff refused to show them apartments in neighborhoods anywhere other than Englewood.

148. CHA and Changing Patterns officials said this was "wrong" and that they would look into the matter immediately. They took Ms. Maples' contact information and said they would follow up with her to remedy the situation.

149. Ms. Maples never heard from either official.

150. The neighborhood surrounding Ms. Maples' apartment is almost entirely African-American, with a high percentage of residents living in poverty.

**(iii) Lisa Taylor**

151. Until 1997, Lisa Taylor and her young son lived at 1111 South Roosevelt Road, within the ABLA public housing development.

152. In 1997, Defendant CHA failed to provide Ms. Taylor and her family with minimally habitable housing. Scalding water ran continuously out of the family's bathtub, causing paint to peel and mold to grow throughout the unit.

153. These conditions exacerbated her son's asthma, and her own sickle cell anemia and diabetes.

154. As a result, Ms. Taylor was required to have several toes on both feet amputated, was forced to leave her job as a home health care aid, and began receiving Social Security Disability benefits.

155. Ms. Taylor repeatedly complained about the conditions in her apartment to CHA and city officials, to no avail.

156. At the suggestion of a friend, Ms. Taylor attended a building meeting at the Jane Addams homes within ABLA. There, Ms. Taylor spoke to a CHA official who offered to give her a Section 8 voucher and relocate her to a unit in the private market where he knew the landlord.

157. Since she had no other safe choice for housing, Ms. Taylor accepted, and three months later she moved to a two-unit apartment building at 5241 South Bishop, where she lived until June 2003.

158. Ms. Taylor's apartment on South Bishop suffered from multiple problems, including broken back entry gates, rotting garbage in the back yard, no lights in the front and back porch, mice, leaking gas, a leaking bathroom ceiling, and broken, rotting windows.

159. Because of severe crime in her neighborhood and her health problems, Ms. Taylor was trapped in her home. Delivery persons and cab drivers refused to come to her house, and Ms. Taylor's fourteen-year-old son, who lives with other family members in Markham, was afraid to even help his mother take out the garbage when he visited her.

160. The neighborhood in which Ms. Taylor lived for six years is almost entirely African-American, with poor schools and a very high percentage of its residents living in poverty.

161. In spring 2003, subsequent to the filing of this lawsuit, Ms. Taylor sought to move with the assistance of the HOP program, but was unable to locate a substantially better apartment in a less segregated neighborhood through the listings provided by HOP. Five of the six apartments HOP provided were in census tracts over 97% African-American and the sixth apartment listing was in a census tract over 85% African-American.

162. Without the assistance of CHAC, Ms. Taylor located an apartment at 2438 West 64<sup>th</sup> Street and moved there in June 2003.

163. The neighborhood in which the new apartment is located is primarily African-American, with poor schools and a high percentage of its residents living in poverty.

**(iv) Mary Sistrunk**

164. Until 1996, Mary Sistrunk lived her entire life at the Robert Taylor Homes public housing development, except for four years from 1989 to 1993 during which she lived in the Stateway Gardens.

165. In 1996, CHA announced that her home at 5323 South Federal was slated for demolition, and Ms. Sistrunk and her family made the first of the eleven moves they would make over the next six-and-a-half years.

166. Changing Patterns served as relocation “counselor” for ten of the moves that Ms. Sistrunk and her family made with their Housing Choice Voucher, each into an apartment with serious problems, which passed its initial inspection only because CHAC turned a blind eye.

167. When each apartment inevitably failed future inspections, CHAC required Ms. Sistrunk to relocate, bringing financial gain to Changing Patterns, which is paid by the move, and trauma to Ms. Sistrunk’s uprooted family.

168. Over the course of her many moves, Ms. Sistrunk repeatedly requested that Changing Patterns show her apartments on the City's North Side or northern suburbs.

169. In response, Changing Patterns advised Ms. Sistrunk that she “needed to stop complaining,” and continued to steer Ms. Sistrunk to highly racially segregated, highly impoverished, high crime areas of the City's South Side, including apartments that she lived in at 4849 South Justine, 5731 South Ashland, 4641 South Michigan, 4624 South St. Lawrence, 90<sup>th</sup> Street and Exchange, 13024 South Langley, 6727 South Green, and 6820 South May.

170. Ms. Sistrunk is currently living in an overcrowded apartment at 8641 South Marquette Avenue, which has onerously high heating bills.

171. The neighborhood surrounding her home is almost entirely African-American, with a high percentage of its residents living in poverty.

172. The frequent turnover of housing has had drastic consequences on Ms. Sistrunk’s family.

173. Her eight children, ages 6 to 18, have transferred to different schools each time they moved, causing serious delays in their educational development.

174. The frequent moves have also been a serious strain on the family's finances, forcing Ms. Sistrunk to lose her job and money spent on security deposits and credit checks.

175. In September 2002, in an incident of neighborhood violence, Ms. Sistrunk's nine-year old son was shot in the leg.

**(v) Pandora Meadors**

176. Around February 1995, Ms. Meadors was given a Section 8 voucher from Defendant CHA, which had advised her that it intended to demolish her home at 1158 North Sedgwick, a high-rise public housing building in the Cabrini-Green development.

177. CHA advised Ms. Meadors that it had assigned her a counselor to help her find an apartment on the private market.

178. Ms. Meadors attempted to contact this counselor, but was unable to reach her, and the counselor did not return Ms. Meadors' calls.

179. Because of her large family and limited resources, Ms. Meadors struggled without success to find a new apartment.

180. Unable to find a unit before her building was demolished, Ms. Meadors temporarily relocated to another building in Cabrini-Green – 1150 North Sedgwick.

181. CHA then slated 1150 North Sedgwick for demolition.

182. In November of 1996, CHA cut off lights, gas and water service to 1150 North Sedgwick.

183. Ms. Meadors' pipes froze and burst, and her door became frozen shut, so that she was locked into her apartment.

184. Ms. Meadors and her son, the remaining occupants in the apartment, escaped from the apartment by climbing out the kitchen window.

185. Ms. Meadors lived for the next two months in her sister's apartment in Cabrini-Green, during which time CHA demolished 1150 North Sedgwick, causing Ms. Meadors to lose all of her possessions that had remained locked in the apartment.

186. Although Ms. Meadors advised CHA of her predicament, it failed to move her to another public housing unit, or to provide her with any relocation counseling or assistance whatsoever.

187. On or about January 26, 1997, Ms. Meadors used her voucher to move with her family into a unit at 4303 West Cortez, which Ms. Meadors found without the assistance of CHA or any of its agents.

188. The apartment into which Ms. Meadors and her family moved was a dilapidated, dark, dank, and virtually windowless single family home infested with rats and with inadequate heat.

189. The apartment passed and continued to pass inspection only because CHAC failed to properly acknowledge the apartment's many defects.

190. In approximately April 2002, the building's owner sold the building, and as a result, CHAC issued Ms. Meadors "moving papers" – an application for CHAC to enter into a housing assistance payment contract with a new landlord, which a program participant who desires or is obligated to move is required to have completed within 180 days.

191. At the time that Ms. Meadors picked up her moving papers, CHAC advised her that it did not have apartment listings available for her to take with her.

192. Because of the large size of Ms. Meadors' family, her limited resources, and the failure of Defendants to provide her with any assistance, Ms. Meadors had difficulty finding a new apartment.

193. In December 2002, Ms. Meadors received a notice from CHAC indicating that it was terminating her voucher because she had moved without advising CHAC.

194. Ms. Meadors had not, in fact, moved, and filed a timely grievance with CHAC concerning its putative termination of her voucher.

195. On January 23, 2003, the Plaintiffs, including Ms. Meadors, filed the present suit.

196. On February 12, 2003, Ms. Meadors received a notice from Defendant CHA advising her that her request for a grievance hearing had been denied.

197. On approximately March 31, 2003, Defendant CHA reversed its position concerning the termination of Ms. Meadors' voucher, and reissued her moving papers, good for 120 days.

198. On March 31, 2003 Ms. Meadors requested to participate in CHAC's Housing Opportunity Program for second movers.

199. Ms. Meadors was advised that she could not participate in HOP because she already resided in what CHAC considered to be an "opportunity" neighborhood – West Humboldt Park.

200. Ms. Meadors' West Humboldt Park apartment is located in a predominately African-American neighborhood, with poor schools and one of the Chicago's highest crime rates.

201. With the expiration of her voucher imminent, Ms. Meadors chose to stay in her apartment, which had been partially renovated by her new landlord.

**(vi) Annie R. Smith**

202. In 1967, Annie Smith moved with her family to 540 East 36<sup>th</sup> Street, within the public housing development known as the Ida B. Wells Extension.

203. In 1986, Ms. Smith, married with three young children, moved out of the Wells Extension and into a private home in Chicago.

204. After Ms. Smith's husband lost his job in 1991, the family moved back to Wells. For the next five years, Ms. Smith's family lived at 3833 South Langley within the Clarence Darrow Homes.

205. In approximately December 1996, Defendant CHA informed Ms. Smith and other residents that their building was to be demolished, and that they either had to leave the development or relocate within Wells.

206. Two weeks later Ms. Smith and her family moved to 706 East Pershing Road within the Darrow Homes.

207. In approximately October 1999, Defendant CHA informed Ms. Smith that her home was slated for demolition and she would again have to move.

208. Approximately one week later, Ms. Smith and other families from the Pershing Road property met with CHA "relocation specialists." At this meeting, exhausted by the previous move and turmoil it had caused her family, Ms. Smith requested a temporary housing choice voucher.

209. The CHA relocation specialists informed Ms. Smith that she would have to move within the development because no vouchers were then available.

210. In November 1999, Ms. Smith moved to 635 East 37<sup>th</sup> Place within the Wells public housing development.

211. In mid-2000, Ms. Smith completed her Housing Choice Survey – a document in which residents may, pursuant to the Relocation Rights Contract, express their preferences for permanent and temporary housing.

212. Ms. Smith initially indicated her preference for a temporary housing choice voucher and permanent housing in Wells after new units became available.

213. Defendant CHA, however, advised Ms. Smith that it had no more temporary vouchers to issue her. CHA advised Ms. Smith that she had only two options: to take a permanent voucher and forfeit her chance to receive a new or rehabbed public housing unit, or to stay on-site and preserve her right of return.

214. Wary of losing the option to live in a revitalized Wells or another mixed-income community, Ms. Smith elected to stay on-site at Wells through the redevelopment process.

215. In July 2002, Ms. Smith received yet another notice that her building would be closed, and in December 2002, Ms. Smith and her four children moved to an inferior apartment at 532 East 38<sup>th</sup> Street.

216. Moving four times in six years has placed severe stress on Ms. Smith and her family. During each move the family lost furniture, clothing, cherished family photos, heirlooms, and trusted neighbors.

217. Ms. Smith recently learned that her current home will be vacated for demolition in 2005. Rather than make yet another move within Wells, Ms. Smith would like to temporarily move with a housing choice voucher to a viable, safe community with good schools, public transportation, social services, and economic opportunities.

**(vii) Nichelle Hart**

218. For the past thirty years, Nichelle Hart has lived at the Stateway Gardens public housing development. Since 2000, Ms. Hart and her six children have lived at 3616 South State Street.

219. In 2002, CHA placed Ms. Hart's home on its Autumn 2003 demolition schedule.

220. In December 2002, Ms. Hart attended a mandatory building meeting, where Defendant CHA advised her that she could either take a temporary or permanent housing choice voucher or move to a gang-terrorized and severely dilapidated building at Stateway Gardens – 3651-53 South Federal.

221. Because Ms. Hart would ultimately like to reside in a revitalized Stateway Gardens, she opted to take a temporary house choice voucher.

222. At a subsequent December 2002 meeting convened by CHAC, agents of CHA advised Ms. Hart that she had three months to find an apartment or her family would be moved to 3651-53 South Federal in March 2003.

223. Ms. Hart wished and continues to wish to move to a safe, diverse neighborhood, with good schools and access to social services, but because all residents she knew who had been relocated with housing choice vouchers had moved to derelict apartments in high-poverty, African-American neighborhoods, she was concerned that she would suffer a similar fate.

224. Changing Patterns showed Ms. Hart apartments only in predominately African-American neighborhoods on Chicago's south side, including units at 79<sup>th</sup> and Exchange and 87<sup>th</sup> and Stewart. Many of the units had numerous problems with their condition.

225. Dissatisfied with the condition of these apartments, Ms. Hart found an apartment without the assistance of Changing Patterns at 6727 South Green Street, where she presently resides.

226. The neighborhood surrounding this apartment is almost entirely African-American, with inadequate schools and a high percentage of its residents living in poverty

## **VII. INJURY TO THE NAMED PLAINTIFFS AND THE PLAINTIFF CLASS**

227. Plaintiffs have been segregated or will be segregated by Defendants' implementation of their forced relocation program.

228. Plaintiffs have been denied or will be denied the opportunity to rent dwelling units in racially integrated areas of economic opportunity by the Defendants' implementation of their forced relocation program.

229. Plaintiffs have been involuntarily relocated or will be involuntarily relocated into neighborhoods with high levels of poverty, seriously troubled schools, a dearth of employment opportunities, inadequate social services (including day care), and high incidence of crime.

230. Plaintiffs have suffered or will suffer deprivation of their contractual rights under the Relocation Rights Contract, and their rights as third-party beneficiaries to the Moving to Work and Resident Protection Agreements executed between CHA and HUD.

231. Plaintiffs have lost or will lose their historic communities, many in neighborhoods that are just beginning to show signs of racial integration and economic revitalization, with little realistic opportunity to return to public housing in those neighborhoods.

232. For all the above reasons, Defendants' program of forced relocation will cause or has caused Plaintiffs irreparable harm which, absent judicial intervention, they will suffer or will continue to suffer, and for which they have no adequate remedy at law.

**VIII. CLAIMS FOR RELIEF**

**COUNT I**

(By All Plaintiffs)

Violation of the Fair Housing Act, 42 U.S.C. § 3608(e)(5)  
(Failure to Affirmatively Further Fair Housing) and 42 U.S.C. § 1983

233. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

234. Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

235. By displacing Plaintiffs from their homes in public housing and operating a redevelopment and relocation program that caused Plaintiffs to become segregated into predominately African-American neighborhoods, Defendants violated their duty to affirmatively further fair housing. 42 U.S.C. § 3608(e)(5); 24 C.F.R. §§ 960.103(b); 107.20(a); 903.7(o); 982.53(b) and (c).

236. By breaching their duty to affirmatively further fair housing, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

**COUNT II**

(By All Plaintiffs)

Violation of QHWRA, 42 U.S.C. § 1437c-1  
(Failure to Affirmatively Further Fair Housing) and 42 U.S.C. § 1983

237. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

238. Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

239. By displacing Plaintiffs from their homes in public housing and operating a redevelopment and relocation program that caused Plaintiffs to become segregated into predominately African-American neighborhoods, Defendants violated their duty to affirmatively further fair housing. 42 U.S.C. § 1437c-1(d)(15).

240. By breaching their duty to affirmatively further fair housing, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

### **COUNT III**

(By All Plaintiffs)

Violation of Executive Orders 11063 and 12892  
(Failure to Affirmatively Further Fair Housing) and 42 U.S.C. § 1983

241. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

242. The Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their actions described herein were taken under color of state law.

243. By displacing Plaintiffs from their homes in public housing and operating a redevelopment and relocation program that caused Plaintiffs to become segregated into predominately African-American neighborhoods, Defendants violated their duty to affirmatively further fair housing. Exec. Order 11063, 27 Fed. Reg. 11527 (1962); 24 C.F.R. § 107.21; Exec. Order 12892, 59 Fed. Reg. 2939 (1994).

244. By breaching their duty to affirmatively further fair housing, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

## COUNT IV

(By All Plaintiffs)

Violation of Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d  
(Failure to Take Affirmative Action) and 42 U.S.C. § 1983

245. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

246. The Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their practices described herein were taken under color of state law.

247. In the case of Gautreaux v. Chicago Hous. Auth., 296 F. Supp. 907 (N.D. Ill. 1969), Defendant CHA was found to have engaged in a practice of intentional discrimination that violated the right of CHA residents to equal protection of the law.

248. The effects of this prior discrimination remain present in the segregated housing patterns of CHA residents.

249. In implementing the above-described policies and practices, Defendants have failed to take affirmative action to overcome these effects of Defendant CHA's prior discrimination, and to take reasonable action to remove or overcome the consequences of the prior discrimination and to accomplish the purpose of the Act.

250. By failing to take such action, Defendants have denied Plaintiffs the benefits of and have subjected Plaintiffs to discrimination under the public housing and housing choice voucher programs, in violation of 42 U.S.C. § 2000d and its implementing regulation, 24 C.F.R. § 1.4(b)(6).

251. By violating 42 U.S.C. § 2000d and 24 C.F.R. § 1.4(b)(6), Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

## **COUNT V**

(By All Plaintiffs)

Violation of the Fair Housing Act, 42 U.S.C. § 3604  
(Perpetuation of Segregation)

252. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

253. The Defendants' practices as described above have and will continue to have the effect of segregating Plaintiffs, and of perpetuating residential housing segregation in the City of Chicago, and therefore constitute a violation of 42 U.S.C. § 3604, as further elaborated in its implementing regulations, 24 C.F.R. § 100.70(a).

## **COUNT VI**

(By All Plaintiffs)

Violation of the Fair Housing Act, 42 U.S.C. § 3604  
(Racial Steering)

254. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

255. The Defendants have intentionally steered Plaintiffs to predominately African-American neighborhoods.

256. By intentionally steering Plaintiffs to predominately African-American neighborhoods, Defendants have violated the Fair Housing Act, 42 U.S.C. § 3604, as further elaborated in its implementing regulations, 24 C.F.R. §§ 100.50, 100.65, 100.70, 100.75, and 100.80.

## **COUNT VII**

(By All Plaintiffs)

Violation of Title VI of the Civil Rights Act of 1964,  
42 U.S.C. § 2000d (Racial Steering) and 42 U.S.C. § 1983

257. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

258. The Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their practices described herein were taken under color of state law.

259. Defendants have intentionally steered Plaintiffs to predominately African-American neighborhoods.

260. By intentionally steering Plaintiffs to predominately African-American neighborhoods, Defendants have subjected Plaintiffs to discrimination in housing on the basis of race, in violation of 42 U.S.C. § 2000d, as elaborated in its implementing regulation, 24 C.F.R. § 1.4(b)(1).

261. By subjecting Plaintiffs to discrimination on the basis of race, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

## **COUNT VIII**

(By All Plaintiffs)

Violation of the Fair Housing Act, 42 U.S.C. § 3604  
(Adverse Disparate Impact on the Basis of Race)

262. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

263. Defendant CHA's failure to maintain Plaintiffs' current or former public housing dwellings has had an adverse disparate impact upon African-Americans.

264. The Defendants' building closure, demolition, and relocation policies and practices as described above have had an adverse disparate impact upon African-Americans.

265. These practices constitute a violation of the Fair Housing Act, 42 U.S.C. § 3604, as further elaborated in its implementing regulations, 24 C.F.R. §§ 100.50, 100.65, 100.70, 100.75, and 100.80.

### **COUNT IX**

(By All Plaintiffs)

Violation of the Fair Housing Act 42 U.S.C. § 3604  
(Adverse Disparate Impact on the Basis of Gender)

266. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

267. Defendant CHA's failure to maintain Plaintiffs' current or former public housing dwellings has had an adverse disparate impact upon female-headed households.

268. The Defendants' building closure, demolition, and relocation policies and practices as described above have had an adverse disparate impact upon female-headed households.

269. These practices constitute a violation of the Fair Housing Act, 42 U.S.C. § 3604, as further elaborated in its implementing regulations, 24 C.F.R. §§ 100.50, 100.65, 100.70, 100.75, and 100.80.

## **COUNT X**

(By All Plaintiffs)

Violation of the Fair Housing Act, 42 U.S.C. § 3604  
(Adverse Disparate Impact on the Basis of Family Status)

270. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

271. Defendant CHA's failure to maintain Plaintiffs' current or former public housing dwellings has had an adverse disparate impact upon families with children.

272. The Defendants' building closure, demolition, and relocation policies and practices as described above have had an adverse disparate impact upon upon families with children.

273. These practices constitute a violation of the Fair Housing Act, 42 U.S.C. § 3604, as further elaborated in its implementing regulations, 24 C.F.R. §§ 100.50, 100.65, 100.70, 100.75, and 100.80.

## **COUNT XI**

(By All Plaintiffs)

Violation of the Uniform Relocation Assistance and Real Property Acquisition Act of 1970  
and 42 U.S.C. § 1983

274. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

275. Defendants are "persons" within the meaning of 42 U.S.C. § 1983, and their practices described herein were taken under color of state law.

276. The Defendants have failed to take the following actions required by the Uniform Relocation Act:

- (a) Operate a relocation assistance program that adequately assesses the needs and preferences of the displaced families. 42 U.S.C. § 4625(c)(1) and 49 C.F.R. § 24.205(c)(2)(1);
- (b) Operate a relocation assistance program that gives displaced families reasonable opportunities to relocate to replacement dwellings that are not located in areas of African-American concentration. 49 C.F.R. § 24.205(c)(2)(C);
- (c) Provide the displaced families comparable replacement housing, including housing that is in a location generally not less desirable than the location of the displaced person's dwelling with respect to public utilities, facilities, and services. 42 U.S.C. §§ 4601, 4625(c)(3), 4630(3); 49 C.F.R. § 24.2.

277. Defendants' failure to take each of the above actions is a violation of the Uniform Relocation Act, as further elaborated by the regulations promulgated thereunder.

278. By violating the Uniform Relocation Act, Defendants deprived Plaintiffs of rights secured to them by federal law, in violation of 42 U.S.C. § 1983.

## **COUNT XII**

(By Plaintiffs Relocated After 10/1/99)  
Breach of the Moving to Work Agreement

279. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

280. The Moving to Work Agreement is a contract between CHA and HUD.

281. Plaintiffs are third party beneficiaries of this contract.

282. The Defendants have failed to take the following actions required by the Moving to Work Agreement:

- (a) Appropriately spend the \$25 million allocated for mobility counseling;
- (b) Provide extensive pre-move counseling, assistance in accessing services, Section 8 mobility counseling, and post-move counseling;
- (c) Provide effective second-move mobility counseling;
- (d) Effectively work with various organizations to expand landlord participation in the Housing Choice Voucher program;
- (e) Contract for quarterly testing for fair housing compliance throughout the section 8 and public housing programs; and
- (f) Administer the Plan for Transformation so as to limit resegregation and further fair housing.

283. The Defendants' failure to take each of the above actions is a breach of the Moving to Work Agreement.

### **COUNT XIII**

(By Plaintiffs Relocated After 10/1/1999)  
Breach of the Relocation Rights Contract

284. Plaintiffs re-allege paragraphs 1 to 232 of this Complaint and incorporate them herein.

285. The Relocation Rights Contract is a contract between Defendant CHA and each Plaintiff who was a CHA Leaseholder in occupancy as of October 1, 1999.

286. The Defendants have failed to take the following actions required by the Relocation Rights Contract:

- a. Make available mobility counseling as required by ¶ 6(a) of the Contract.
- b. Make a good faith effort to negotiate with each affected LAC an MOA prior to relocating any covered leaseholder that reflects any property specific understandings with respect to the redevelopment process, as required by ¶ 5(b) of the Contract.
- c. Consistently issue quarterly reports as required by ¶ 11(a) of the Contract.
- d. Provide comparable replacement housing as required by ¶ 4(a) of the Contract.

287. The Defendants' failure to take each of the above actions is a breach of the Relocation Rights contract.

**IX. RELIEF REQUESTED**

WHEREFORE, Plaintiffs respectfully request that this Court:

A. Declare that the actions and omissions of the Defendants, as set forth above, violate the Fair Housing Act, Title VI of the Civil Rights Act, Executive Orders 11603 and 12892, the Quality Housing and Work Responsibility Act, the Uniform Relocation Act, the Moving to Work Agreement, and the Relocation Rights Contract.

B. Enter an injunction enjoining Defendants from:

- (1) Failing to develop a program to assist Plaintiffs to relocate to racially integrated communities, including, where applicable, public housing developments that are in revitalizing areas.
  - (2) Continuing the relocation of Plaintiffs from CHA units with Housing Choice Vouchers without developing and implementing a program to assist Plaintiffs to relocate to racially integrated communities.
  - (3) Failing to comply with the Relocation Rights Contract.
  - (4) Failing to comply with the Moving to Work Agreement.
- C. Enter an order requiring Defendants to pay Plaintiffs' reasonable costs and attorneys' fees for the prosecution of this action.
- D. Grant Plaintiffs such further relief as this Court deems just and proper.

Respectfully submitted,

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One of the Attorneys for Plaintiffs

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Attorneys for Plaintiffs

## List of Exhibits

<u>Exhibit</u>	<u>Description</u>
A	Paul Fischer, <u>Where are the Public Housing Families Going?: An Update</u> (2003).
B	Moving to Work Demonstration Agreement (2000).
C	CHA Leaseholder Housing Choice and Relocation Rights Contract (2001).
D	Chicago Housing Authority, <u>Annual Plan for Transformation FY2003</u> (2002).

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

DIANE LINK WALLACE, et al.,	)	
	)	
Plaintiffs,	)	03 C 0491
vs.	)	The Honorable Judge
	)	Ruben Castillo
THE CHICAGO HOUSING AUTHORITY, et al.,	)	
	)	
Defendants.	)	

**NOTICE OF FILING**

TO: Christina M. Tchen	Donald Hubert
Skadden, Arps, Slate, Meagher & Flom	Hubert, Fowler & Quinn
333 W. Wacker Dr., Ste. 2100	188 W. Randolph St., Ste. 801
Chicago, IL 60606	Chicago, IL 60601

**PLEASE TAKE NOTICE** that on August 15, 2003 Plaintiffs filed with the Clerk of the United States District Court for the Northern District of Illinois, Eastern Division, **Plaintiffs' First Amended Complaint**, a copy of which is attached hereto and is hereby served upon you.

Respectfully submitted,

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One of the Attorneys for Plaintiffs

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that copies of Plaintiffs' First Amended Complaint were served upon Defendants at the above-stated addresses by depositing two copies, postage prepaid, in the mail at 211 S. Clark St, Chicago, Illinois, before the hour of 5:00 p.m. on August 15, 2003.

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Geoffrey Heeren, #6272387