



# City of Chicago



**R2022-973**

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	9/21/2022
<b>Sponsor(s):</b>	Ervin (28)
<b>Type:</b>	Resolution
<b>Title:</b>	Call for hearing(s) on failure of city's predatory housing contracting and reinvestment policies
<b>Committee(s) Assignment:</b>	Joint Committee: Contracting Oversight and Equity; Housing and Real Estate

RESOLUTION

*Joint-Contracting Oversight +  
Equity +  
Housing + Real Estate*

WHEREAS, Predatory housing contracts in the 1950's and 1960's in Chicago's black communities on the south and west side were primarily through a practice known as home contract sales that extracted generational wealth from these communities; and,

WHEREAS, This common practice during the housing boom that followed World War II, and grew out of redlining policies that denied most black homebuyers access to conventional mortgage loans; and,

WHEREAS, These contracts sales offered black homebuyers the illusion of a mortgage and combined the responsibilities of homeownership with all the disadvantages of renting while offering the benefits of neither; and,

WHEREAS, Buyers had excessive down payments and made monthly instalments toward inflated purchase prices at high interest rates, but never gained ownership; and,

WHEREAS, Contract sellers were able to evict the buyers for even minor missed payments and were free to burden the title with liens unrelated to the buyer's possession; and,

WHEREAS, The contract buyer's accumulated no equity in their homes with no laws or regulations to protect them against eviction and the loss of every dollar invested in their home; and,

WHEREAS, Contract sellers had the backing of the banks that turned down black homeowners, and legally allowed the contracts sellers to exploit a separate and unequal housing market; and,

WHEREAS, It was common practice for sellers to evict buyers for any missed payment, keep the down payments and all payments towards the contract, and then resell the property on contract to another buyer; and,

WHEREAS, In 1962, the Chicago Human Rights Commission conducted a study in the Englewood neighborhood that found 88 percent of black homeowners were on contract installments, and that on average those buyers paid the sellers a 73 percent markup for their properties; and,

WHEREAS, Predatory housing contract policy researchers have studied the effect of contract selling going back decades on the Chicago's south and west side; and,

WHEREAS, The Chicago Housing Authority, Department of Housing and Department of Planning and Development need to take advantage of the data being developed by these studies by leading universities such as The Samuel DuBois Cook Center on Social Equity at Duke University, The Nathaniel P. Voorhees Center for Neighborhood and Community improvement at the University of Illinois in Chicago, The Policy Research Collaborative at Roosevelt University, and The Center for Urban Research and Learning at Loyola University Chicago, to craft successful strategies that empower these neighborhoods and provide reinvestment that meet the needs of its residents; and,

WHEREAS, The Cook County Treasurer released a 2022 report that found that housing discrimination persists to this day in several forms, including sparse lending in minority communities, below-value real estate appraisals and regressive property taxation; and,

WHEREAS, Subprime mortgages later replaced contract sales and often ended in default and investment loss in minority communities; and,

WHEREAS, The Scavenger Sale, a decades-old program meant to put distressed properties back to productive use has been insufficient to address the complexities of urban decay; and,

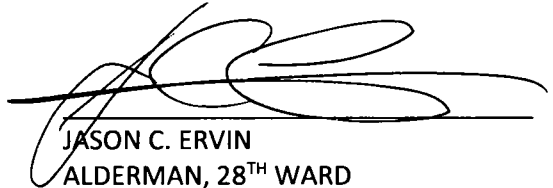
WHEREAS, The City of Chicago must reimagine the entire process, policies, and programs of reinvestment on Chicago's south and west side that are sustainable opportunities for these communities by partnering with our Federal, State, and Cook County partners on tightening these protections; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, That we, the members of the City Council of the City of Chicago, call upon the Committee on Contract Oversight and Equity to convene a hearing to examine the failure of City of Chicago predatory housing contracting and reinvestment policies to meet the needs of its underserved residents; and,

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, That representatives from The Chicago Housing Authority, Department of Housing and Department of Planning and Development be invited to appear before the Committee to provide testimony on their respective efforts to address their policy goals to combat predatory housing contracts in Chicago; and,

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, That representatives from the Cook County Recorder and Cook County Treasurer's Office be invited to appear before the Committee to provide testimony on their respective efforts to address their policy goals to combat predatory housing contracts in Chicago; and,

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, That representatives from Chicago higher education institutions which have studied predatory contract policies, such as The Nathaniel P. Voorhees Center for Neighborhood and Community improvement at the University of Illinois in Chicago, The Policy Research Collaborative at Roosevelt University, and The Center for Urban Research and Learning at Loyola University Chicago, be invited to share their research on a new approach to housing contract policies and reinvestment in underserved communities that have been devastated by decades of predatory policies and disinvestment in underserved neighborhoods.



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