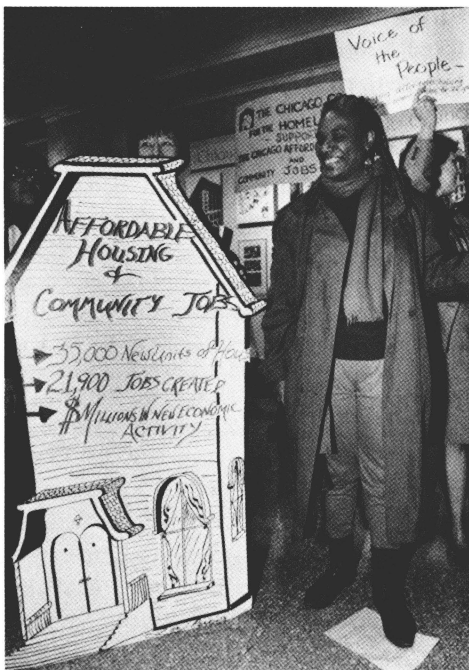


# THE NETWORK BUILDER

Issue No. 23 Spring 1993

The Chicago Rehab Network Newsletter

## Affordable Housing Campaign Gaining Momentum



Chicago Affordable Housing and Community Jobs Campaign

The Chicago Affordable Housing and Community Jobs Ordinance continues to build broad support. The ordinance was introduced in the City Council last December by Alderwoman Arenda Troutman.

At this point, 66 organizations around the city have endorsed the ordinance, including a wide range of service providers, religious and community groups. Dozens of local churches and synagogues have also been involved in the campaign, distributing bulletin inserts about the campaign and getting members of their congregations to sign postcards in support of the ordinance.

The ordinance embraces a vision of affordable housing and employment that can help revitalize low-income communities in Chicago. The goal of this campaign is to produce or preserve 35,000 units of affordable housing in Chicago over the next few years. Members of the Rehab Network designed the ordinance.

"We are very clear about what is needed in these neighborhoods," said Judy Beison, Housing Services Coordinator for PRIDE and the new President of the Board of the Rehab Network. "More and more people are finding out about this ordinance — and bringing it to their aldermen."

Here's a campaign that communities can — and will — have a direct impact on. This spring, hearings on the ordinance will be held, to be followed four to six weeks later by a vote in the City Council. Four different hearings will be held around the city — and they will all offer opportunities for the public to get across a strong message about why we need this ordinance. Call the Rehab Network for details about exact dates and times (663-3936).

For people living in low-income communities in Chicago, the crisis in affordable housing is getting worse every year. The City of Chicago has lost over 40,000 units of affordable housing over the past ten years. Meanwhile, the number of unemployed and under-employed residents in these communities is growing at a rate far greater than the number of jobs accessible to them that enable economic self-sufficiency.

Many aldermen and other public offi-

cial point to reasons why this ordinance should not be passed, although no one questions the need for more affordable housing.

The first major concern many aldermen are likely to have, "Will this ordinance raise property taxes?" The Rehab Network has demonstrated to aldermen a wide range of financing options are available — without raising property taxes. It's also important to realize that Chicago spends less money per person on housing than any other major city in the country. In addition, rehabbing abandoned property increases the number of buildings on the tax rolls. As a result, tax revenues for the city would increase.

A second key concern is where the mayor stands on these issues. Mayor Daley has not taken a position yet on the ordinance, although his key staff are dis-

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# *The Capacity of the City: Elements for Building Chicago's Capacity to Confront the Affordable Housing Crisis*

by David Hunt, Executive Director, Chicago Rehab Network



David Hunt, Executive Director, Chicago Rehab Network, and Aqhati Gibson, Associate Director.

This edition of *The Network Builder* focuses on Chicago's capacity to confront the growing affordable housing crisis. Capacity is often defined as the ability to perform a task, produce a product, or deliver a service. It is measured by the quality and quantity of resources to do the same. In this case, the product is affordable housing.

Four basic and overlapping resources must be measured: availability of cheap and quick money, buildings, political power attached to a clear vision and technical capacity.

Through CRA challenges and threats of challenges, there is a growing pool of available bank funds. However, these funds are neither cheap nor quick. In fact, most of the funds set aside for community reinvestment years ago are just now getting out to communities.

Similarly, it is true that there has been an increase in federal HOME and CDBG funds for affordable housing. Yet, we are told that there are not

enough qualified developers and contractors in all of Chicago who are willing and able to use available resources.

Many developers and tenants question the city's vision of what is affordable — and the programs and guidelines that have emerged from that vision. While DOH's budget has drastically increased, the loan packaging staff that gets the money out into the streets has not increased.

Acquisition strategies developed through the corporate community and government partnership have either been drastically cut, slowly developed, or eliminated. In Chicago, government programs include the currently stalled Tax Reactivation Program and the Chicago Abandoned Property Program, as well as Lien Foreclosures and HUD Building Purchases.

Which leads us to the third and most important resource, the resource of political power and clear vision: the political power to move programs and deals through the government and corporate bureaucracy, and the vision to design, implement and evaluate programs that produce truly affordable housing.

Political power and vision are not limited to elected or appointed government officials. The real power and clear vision lies in corporate board rooms and church basements. Unfortunately, corporate board rooms are often too comfortable to encourage risks, while church basements are too sparse to instill a sense of empowerment. Drastic changes require a great sense of power and risk.

This is the area where Chicago is weakest. The Chicago Affordable Housing and Community Jobs Campaign is designed to elevate and expand public involvement in the

affordable housing crisis, and to improve the ability of local community organizations and corporations to confront the political obstacles that lie in the way of housing production and preservation in their communities.

Finally, we must measure technical capacity — the technical capacity of developers, lenders and the government to put the deal together. Over the last three years many developers have curtailed their vision of what affordable

*(continued on page 17)*

The *Network Builder* is published by the Chicago Rehab Network and is available to individuals and organizations concerned with the continuing supply of decent housing opportunities for low- and moderate-income residents of Chicago. Inquiries should be addressed to: The Chicago Rehab Network, 53 W. Jackson, Chicago, IL 60604; (312)663-3936.

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# Capacity to Develop Affordable Housing: Ins and Outs of City Policies, Programs

by Erica Pascal

Chicago's capacity to develop affordable housing is being severely limited by the city's failure to implement key programs and policies.

The city is plagued with properties that are deteriorated, and partially or completely vacant. These properties are hazardous to neighborhood living conditions and property values. How does the city respond to this problem? By increasing its demolition budget. The city has also acquired state authority to speed up orders of demolition and proposed legislation to prevent the sale or transfer of vacant properties.

Given the terrible shortage of decent, affordable housing in Chicago, an increase in demolition is — charitably stated — very shortsighted. The city should be focusing its efforts on transfer of those properties to responsible developers through those programs already in place.

## Key Programs

The City of Chicago could address this problem by following through on key programs — the Tax Reactivation Program, the Chicago Abandoned Property Program (CAPP), and the Lien Foreclosure Program.

## Tax Reactivation Program (TRP)

The Network had agreed on a standard application and redevelopment agreement for this program. Chicago's Department of Housing (DOH) promised to have at least two non-cash bid rounds each year.

Last year, DOH did an about-face. Citing staffing problems, and concerns about the 1987 TRP round, DOH did not process any of the applications it solicited in early 1992 for TRP buildings. The department decided not to hold a second round in the fall of 1992. Finally, in March of 1993, DOH announced that applications would be taken only for two

weeks. This seems to be all the city intends to do for the program this year.

DOH also decided not to hold a spring round for 1993, but may wait for the Scavenger Sale later this year. (Applications for that round are now in process).



Finally, DOH decided not to transfer any tax deeds to developers from the 1991 sale until it re-assessed the capacity of developers. Mike Rohrbeck of PRIDE, and Clarence Watkins of Circle Christian Development, wrote to DOH Commissioner Carrott reminding her that proposing new requirements for a tax deed would be a violation of the TRP Redevelopment Agreement.

Full implementation of TRP with responsible developers is an important element in addressing the housing crisis in Chicago. CRN member experience with TRP has been excellent. Nine members have used TRP in past years to acquire 57 buildings; 41 of these buildings have been completed, and nine more are in construction. Chicago Abandoned

## Property Program (CAPP)

CAPP was developed by authority of a 1990 state statute which allows a city to initiate foreclosure proceedings against a building based on its deteriorated condition — and the city's obligation to protect the public welfare.

CAPP was announced by the Mayor in 1990 — but the city did not process the first foreclosure deed under the program until January of 1992 (According to the state statute, the process, should only take 120 days). Non-profits are supposed to benefit from the program, but non-profit applications for CAPP have fallen dramatically in the last year. Only ten non-profits applied for buildings in the last quarter of 1992. Only four were approved by the review panel.

At this date, 25 buildings have been deeded to applicants, and 54 more have orders of abandonment in process (the last step before a deed can be issued).

Non-profits initially welcomed the program and applied for hundreds of buildings. To date, they have been awarded about one-fourth of the buildings acquired. The Department of Buildings (DOB) would like to see more use of the program by non-profits. Still, with such long delays it is currently not a very attractive opportunity.

Eighteenth Street Development Corporation (ESDC) offered an example of how CAPP worked for them. Almost one year after they applied, ESDC acquired a fire-damaged building at 2121 W. 18th Street for demolition. They intend to build a two-flat on the site, accessible for people with disabilities.

After acquisition, the City demanded payment of a \$1,790 water cut-off fee. DOB had not disclosed this fee to them, and although the department could have waived it while the City held title to the property, it did not. ESDC Executive

(continued on page 17)

## Community-based Developers: Do They Have Capacity to Build Enough Housing?



Jean Butzen, Executive Director, Lakefront SRO and Vice-President, Chicago Rehab Network, and daughter Casey.

Lakefront SRO grew out of a community response to the problems of homelessness and lack of affordable housing in the Uptown community of Chicago. Like other CDCs, our mission is to solve these problems within the community we serve.

CDCs are ideally suited to develop affordable housing. They have a social mission — not just a profit motive — and are often extremely successful at forging partnerships with corporations, foundations, other nonprofits, and government agencies that bring resources into the community.

Unfortunately, CDCs are, for the most part, left to tackle the challenge of developing affordable housing with only a handful of resources and limited capacity. They are forced to spend an inordinate amount of their meager funds on each project — dealing with red tape, legal issues, and patching together five, six or even more sources of funding. As a result, most CDCs are cash-strapped, short on staff and expertise, and can only develop one or two projects a year.

Considering the need, that's an extremely small amount of housing.

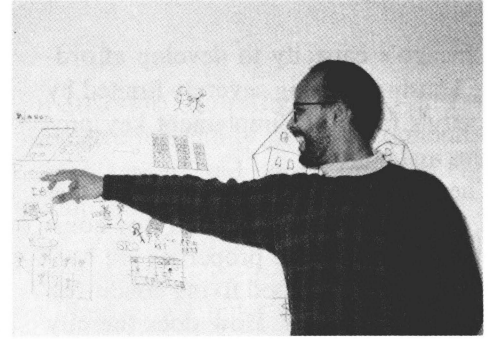
What needs to happen for this situation to change? How can Chicago move toward having a strong, viable group of CDCs developing affordable housing throughout the city? First, CDCs must be recognized as key players in the planning and development of communities — by all levels of government, and by foundation and corporate funders. To this end, private and public funders must be educated about the crucial role CDCs play in fighting homelessness and building communities. As a key player, CDCs must have adequate resources, and they must be supplied at the right phase of development. For example, predevelopment funding is critical if CDCs are to be able to cover the upfront costs of developing each building.

CDCs must also have easy access to all sources of available funding. Often, funding sources work against each other; qualifying for funding from one source may disqualify the CDC from receiving funding from another source.

In addition, public funding for affordable housing development should be tied to funding for on-site support services, which are vital to the success of these projects. Social, employment and other support services offered at many sites are instrumental in helping CDCs reach out more effectively to their communities.

As more money becomes available to CDCs, they also must have access to adequate training and technical assistance. The Chicago Rehab Network's Housing Development Training Institute is a step in the right direction. Lakefront SRO is also developing an SRO technical assistance program for CDCs this year. The program will be funded by the City of Chicago.

*Jean Butzen is Executive Director of Lakefront SRO Corporation and former President of the Chicago Rehab Network's Board of Directors.*



Juan Rivera, Executive Director, Latin United Community Housing Association (LUCHA).

In Chicago, almost 600,000 people have income below what the federal government defines as poverty. They are in tremendous need of affordable housing. Many spend more than 40 percent of their income to pay for rent and utilities. That leaves them very little for other basic needs.

For these families, a decent place to live seems like an impossible dream. Only subsidized, decent housing can help them fulfill that dream.

Community development corporations (CDCs) have emerged as the communities' response to the need of those low-income residents. They work with community residents to assess their needs, advocate for funding, plan projects and build or rehabilitate housing. In this way, the residents empower the CDC to get the job done.

Although this approach has been very effective in helping thousands of residents, the need is too broad to be fulfilled by this small group of community organizations.

### Needed: A Working Partnership

The problem of affordable housing needs a societal response in which government, the private sector, and financial institutions work along with community development organizations to improve the conditions of low- and moderate-

income communities. What can different sides provide?

- Government should provide leadership and funding — and eliminate barriers to stimulate the production and long-term operation of affordable housing.
- The private sector has great potential through more advanced means of production and operating technologies, access to capital and economies of scale. It could contribute by developing alternatives to mass production.
- Financial institutions cannot continue to rely on the fallacy that the market will take care of the housing needs of lower-income families. They need to use their access to financial markets to raise needed capital at rates that guarantee affordability.

#### Vision and Commitment

Our society needs to have a clear vision of how to improve the condition of low-income people and their communities. We also need to dedicate financial resources to addressing the problems of lack of affordable housing and neighborhood decay.

We cannot continue to make decisions based on short-term political or personal objectives. Social myopia has caused government to use resources to finance some of the most unproductive ventures: a pompous military apparatus, many heavily protected industries...We constantly hear of the overcapitalization of firms, of leveraged buy-out arrangements going belly up, and tax incentives for the rich at the expense of the whole society. The bailing out of the savings and loan industry and now the possible bailing out of the underfunded pension funds are

further examples of poor utilization of resources.

Our political leaders and those who control financial resources need to focus on long-term, sustainable improvements for our neighborhoods. They need to channel resources that provide affordable housing and address other domestic problems. In this way they will join the community-based developers and other organizations in the fight to revitalize our neighborhoods — and provide hope for those 600,000 people in our communities who are living below the poverty line.

*Juan Rivera is the Executive Director of Latin United Community Housing Association in West Humboldt Park.*

## Great Deals for Chicagoland Rehab Better Yourself *and* Your Community

Through the Neighborhood Lending Program, affordable long-term financing is available for the purchase and rehab of residential properties with five or more units in designated areas of Chicago and Cook County.

Chicago Rehab Network – a nonprofit community development organization – and Northern Trust are investing in the rise of Chicago area neighborhoods. Chicago Rehab Network can help you get your project off to a good start:

- Property evaluation
- Financial analysis
- Help in preparing loan documents and applications
- And more!

If you'd like to buy and rehab a multi-family building, call Chicago Rehab Network today at (312) 663-3936.



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# *Building Partnerships Between Community-based Organizations and Financial Institutions*



Charles M. Hill, Sr., Executive Vice President, Federal Home Loan Bank of Chicago

From 1949 until 1980, the United States tried to keep its commitment to provide "a decent, safer and sanitary home in a suitable living environment for every American family." Beginning in 1981, our nation reneged on that goal, cutting annual appropriations for housing from \$32 billion in 1979 to less than \$8 billion by 1988. Construction of subsidized housing units fell to one-tenth of what it was.

Out of this adversity rose a cadre of strong, community-based organizations that learned how to make the best of what they had by layering and leveraging whatever subsidies they could find to make housing affordable. Putting these packages together has become a science in itself, and nonprofit housing organizations have become the leaders in making this work.

Now that HOME and CDBG funding have increased, the tendency is to go for the easiest route. To maximize housing benefits for the poor, nonprofit housing sponsors need to continue to leverage as many resources as they can, even though it is far easier to go to only one or two sources to make the projects work.

By now, most community-based organizations (CBOs) are aware of the

Federal Home Loan Bank's special programs to help revitalize neighborhoods. The Community Investment Program (CIP) is a below market interest rate program to assist in the development of affordable housing or economic development activities. These efforts must benefit low-income households or neighborhoods. The Bank has already loaned more than \$200 million under this program. Under our Affordable Housing Program (AHP), we can actually subsidize the interest rate or make direct subsidies (grants) available to house low-income families and individuals. Since 1990, the Bank has committed almost \$7 million of its earnings for the AHP and will allocate an additional \$3.2 million this year. Since all of our members are financial institutions, only they are eligible to apply to the Bank under both the CIP and the AHP.

However, these members can work in partnership with CBOs to develop viable neighborhood revitalization programs. Most nonprofits are aware that savings institutions are members of the Federal Home Loan Banks. Not as well known is that since 1990, more than 100 commercial banks have become Federal Home Loan Bank members, thus expanding the base of potential partners for CBOs.

What do lenders and CBOs have in common? Both should have an interest in ensuring that the neighborhoods they serve remain viable. An additional incentive to the banks and thrifts is the responsibility under the Community Reinvestment Act to meet the lending needs of the communities in their service areas (see page 10).

How does a CBO establish a relationship with a lender? First, if possible, the representatives of the nonprofit should meet with the institution's officers to discuss the organization's mission, track record, and provide other information to help the lender better understand you and your organization. Remember, just like

any other developer, the lender wants to know who you are and whether you can deliver what you promise. Sharing annual reports, your financial statements, any other relevant material will help to establish your credibility. The community investment staff of the bank has often played the role of "matchmaker" in bringing lenders and nonprofit developers together, and can introduce nonprofits to potential partners.

What if the lender has little experience in how CBOs use numerous sources of funds — such as CDBG, IHDA trust funds, and AHP funds to make housing affordable? If that's the case, then the lending institution's officers need to be educated on how leveraging works. Remember, since lenders are skittish about financing techniques with which they are not familiar, nonprofits need to take time to explain how those techniques can be as sound as traditional loans. Be sure to give the loan officer as much information as possible so that he can have confidence in selling the project to his loan committee or board.

Finally, be sure to begin this process well in advance of the application dates. If you are looking for a successful project and a productive long-term relationship, make sure that you begin the process months before the project application deadline. The familiarity of working with each other over time will bring a greater understanding of each institution's needs, requirements, and limitations. This familiarity brings about greater trust, often resulting in the lender's willingness to take that extra step or make special concessions to make the project work. When that happens, you will know that you have a true partnership.

*Charles M. Hill, Sr. is Executive Vice-President of the Federal Home Loan Bank in Chicago.*

## No Way Around It: More Money Needed

by Willie Lomax, Chicago-Roseland Coalition for Community Control

If Community Development Corporations (CDCs) are to continue producing affordable housing in Chicago and around the country, the government, foundations and the private sector must stop blocking the gates — and pump more money into them for general operating funds. That way, non-profit CDCs will be more likely to survive the first few years of operations.

As most groups know, there are some dollars out there for development of these projects, but few dollars for all-important operations support. If these dollars are available, too many strings are often attached to access them.

CDCs also know that too much paper work slows the development down, and can kill the projects. Most organizations have very little staff and money, so fund-raising is a priority year-round.

Chicago has among the highest number of qualified and experienced developers of any city in the country. But they are being held back because there is just not enough money going into our neighborhoods for the development of affordable housing.

I would like funders to spend more time in our neighborhoods, seeing what it takes to complete a project, getting in the trenches. I am not talking about a one-day visit, but an in-depth look at actual projects — their operations, finances, problems with crime and gangs in the neighborhood. Then they

would see what we are up against.

One problem is that national organizations that fund housing development are not sensitive enough to our communities. Funders must be in touch with these communities. Sometimes you also see buffer organizations set up by foundations to fund housing developments. That way you can't really approach or criticize the foundation. What we need is a system in which groups get funded directly to develop housing.

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*"Chicago has among the highest number of qualified and experienced developers of any city in the country. But they are being held back because there is not enough money going into our neighborhoods for the development of affordable housing."*

—Willie Lomax, Executive Director, Chicago - Roseland Coalition for Community Control

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You've got three families living in three-bedroom apartments, people on the streets, shelters that are full. We've heard from a lot of people who talk a good game, but when you talk about really affordable housing, it's another story.

If housing is a priority, as we've heard so many times from politicians, then why aren't we seeing more dollars for the development of affordable housing? We hear one thing from the city, state and federal government, and foundation, but we see another in our neighborhoods. With the city, it's the mega-projects like McCormick Place that become the priority.

Sometimes I think the system is set up to fail. I mean, if you find a small

CDC, often times staff of that group will go to workshops, meetings, do a lot of paperwork...and still not get enough money. I often ask myself, can a small, start-up CDC research neighborhood conditions, complete a DOH application, and monitor construction on a project at the same time? With this kind of process, the organization is not set up to produce housing.

Funders often say that "We only have so many dollars." I suggest that you change the system so that you have substantially different criteria for start-up organizations than, say, for organizations that have been established for ten years or more. Established groups have a longer track record and more earnings coming in. They can jump through more hoops in the application process.

We also must work to change the political situation.

Smaller CDCs have no pipeline to Washington. We need access to information and federal funds to help revitalize our communities.

Just look at the shortage of housing! People who are out of work lose their homes, they are foreclosed on...and there are no affordable apartments to rent in the neighborhood. More and more people are homeless.

CDCs in Chicago have shown that they can develop housing in our neighborhoods. But there is no way around it — they need more money.

*Willie Lomax is Executive Director of the Chicago-Roseland Community Coalition.*

# Community Development Projects: The Role of the General Contractor

## John F. Kane, Community Investment Corporation

Any multi-family rehab project needs the services of a competent general contractor. However, since developments done by Community Development Corporations (CDCs) involve multiple sources of funding and require relating to governmental agencies which are acting as lenders, these deals do require that the general contractor have some special traits.

### Multiple Buildings

Most CDC deals today involve multiple buildings. As a result, the general contractor must have 1) staff that can estimate multiple buildings, taking differences into account; 2) a stable of sub-contractors sufficient to move smoothly from one building to the next during the construction period; 3) the supervisory ability to keep track of multiple buildings, and 4) office staff sufficient to generate information on each building during the pre-construction and construction phases. This includes the provision of detailed cost estimates before construction and detailed payoff requests during construction.

### Budget

The construction budget will certainly be over \$1 million —and can easily reach \$8 or \$9 million or more. The general contractor must have operating capital that can be devoted to this job — usually equivalent to 3 to 5 percent of the contract price. In addition, he should have lines of credit with major suppliers to allow volume discounts on materials and equipment.

### Government Contracts

Most CDC deals involve the City of Chicago's Department of Housing (DOH), which gets most of its funding from HUD. As a result, certain addition-

al responsibilities fall onto the general contractor. For one, Davis-Bacon wages (the prevailing scale) must be paid. General and sub-contractors must turn in weekly payrolls to demonstrate their conformity with the law.

The general contractor must also



**Before:** West Woodlawn suffered from deteriorating and tax-delinquent apartment buildings like this 18-unit courtyard at 6235-43 S. King Drive. Then Neighborhood Reinvestment Resources (NRR, formerly Rescorp Development) and the Chicago Urban League Development Corp. teamed up to stem abandonment by acquiring ten buildings with 162 apartments to be rehabbed with \$42,500 per unit and renamed "Westwood".

adhere to minority and women-owned business set asides. This means that the contractor must have contacts with such entities and have office staff sufficient to administer these obligations.

Finally, the contract price must be guaranteed by the general contractor for the nine to twelve month pre-construction

phase. This long processing time is the result of the slow processing pace at which DOH moves. If the contractor is unable to provide this guarantee, there must be a slush fund somewhere in the deal to cover an increase in labor and material costs during the processing period (that increase could amount to 5 percent or more). This requires delicate judgement on the part of the lenders who are reviewing the deal. Will costs be reasonable? Does the project budget inflate costs and dilute equity without reason? These are the kinds of concerns that lenders have to address.

### Security

Most CDCs are also operating in neighborhoods that have suffered from neglect for many years. These neighborhoods may be prone to theft and violence. Therefore, the general contractor must have a security item in the bid, and must be conscious of the need to physically safeguard the site to prevent installed items from being stolen or vandalized. The contractor must also be equipped to move swiftly from start to finish and present completed units for occupancy on a schedule acceptable to the CDC so that it can be occupying apartments in some buildings before the last buildings are finished.

Finally, the general contractor is required to have a sense of humor that will enable him or her to survive the arduous process outlined above and provide attractive, livable apartments for the market that the CDC is serving.

*Mr. Kane is Construction Manager for the Community Investment Corporation (CIC), one of Chicagoland's premier rehab lenders, making \$40-60 million in rehab loans each year. He has twenty-nine years in the affordable housing field, including twenty years in housing rehab as an owners rep, contractor and lenders rep.*



## Minority Contractors: African American Contractors Association

by Omar Shareef, African-American  
Contractors Association

The African American Contractors Association (AACA) began over five years ago as a group of contractors seeking work within the South Side and West Side neighborhoods — the “African-American Enterprise Zone (AAEZ).” We observed that very little construction work that goes on ‘in our own backyards’ is performed by African-American contractors.

AACA has developed a contractor Financing Program to assist its contractors with much needed construction financing. AACA has successfully lobbied government and private corporations to participate in this program — helping contractors to fuel their development and growth.

Like most organizations, we started out small in numbers, but what kept us together is that we were then — and are now — deeply committed to our belief in economic development for African-Americans.

“African American Enterprise Zones” was our theme then, and we find it very prevalent today. What do AAEZ’s mean to us? Here on the South and West sides of Chicago, African Americans make up 76 percent of the population — far exceeding the 3 percent of construction work that was awarded to African American contractors five years ago. It is AACA’s concern that the majority —

not the minority — of construction work is awarded to African American contractors in these geographical areas.

We saw this not only as a concern of equity, but also as a concern of social and economic endangerment. Something had to be done!

AACA began meeting and organizing to help increase the number of African American contractors on jobs in the

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*“We have impressed upon Chicago’s construction industry the importance of utilizing African-American contractors on their construction sites. By utilizing and strengthening the quality and quantity of African American contractors, Chicago will be insured long-term growth in the construction industry at all levels.”*

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—Omar Shareef, African-American  
Contractors Association

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African American community. In time, many of these contractors developed and grew and performed in a stellar fashion on some of the major construction sites within the City of Chicago.

Many success stories followed, including:

- Parkway Gardens — \$3 million in contracts to African American contractors
- Liberty Commons Senior Building — approximately \$1.8 million
- Jewel Food Store — approximately \$2 million
- Harold Washington Shopping Center, approximately \$1 million

Our Contractor Financing Program (CFP) equips contractors with necessary financing. We have successfully lobbied government agencies, lending institutions and private corporations to participate in the program. Through the CFP, several of our members have been involved in major projects in Chicago, including:

- O’Hare International Terminal
- DePaul University
- Chicago Stadium
- Great Lakes Naval Base
- Chicago Bar Association
- Federal Building

Presently there is approximately 35 percent African American participation on the South and West Sides of Chicago. We are quite proud of these accom-

plishments not because of the dollar amounts, but because these projects had little or no African-American contractor participation prior to AACA’s involvement.

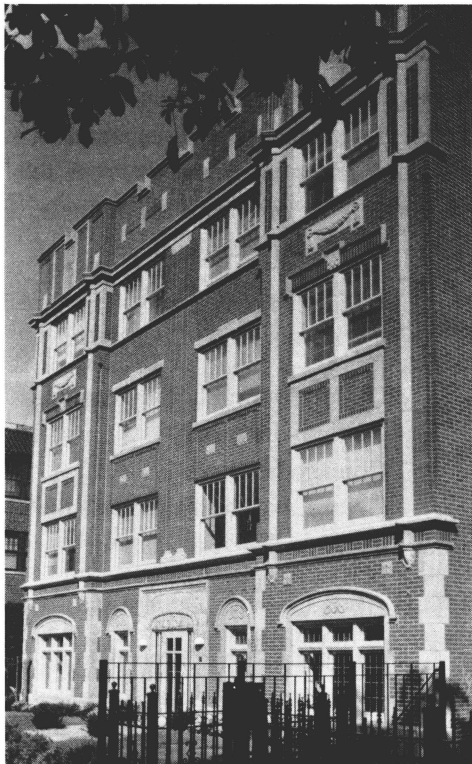
We have impressed upon Chicago’s construction industry the importance of utilizing African-American contractors on their construction sites. By utilizing and strengthening the quality and quantity of African American contractors, Chicago will be insured long-term growth in the construction industry at all levels.

AACA stands ready to use its resources to confront Chicago’s affordable housing crisis.

*Omar Shareef is the President of the African-American Contractors Association.*

# Neighborhood Lending: Increasing Capacity of Multi-Family Housing Rehab

by Aqhati Hetept Gibson



Two of the major tools needed for affordable housing are 1) quick, cheap and adequate funds and 2) the skills needed to access those funds. We need to examine both tools as we confront Chicago's ever-growing housing crisis.

Chicago's Neighborhood Lending Program (NLP) has provided both. The NLP, which kicked off in 1984, has served as a catalyst for improving the quality and affordability of the city's multi-family residential housing stock in low- and moderate-income neighborhoods.

## Reinvestment Through Rehab

This program's unique community reinvestment strategy was borne of the collective will of major non-profits who had documented disinvestment and redlining in Chicago's low-income communities. Chicago organizations pushed for and helped win national legislation which would significantly alter banking practices: the Community Reinvestment Act (CRA) and Home Mortgage

Disclosure Act (HMDA), both enacted in the late 1970s (see insert).

The threat of a CRA challenge to Chicago banks led to a 5-year, \$153 million dollar reinvestment agreement involving Harris, First Chicago and the Northern Trust Banks. The group called itself the Chicago Reinvestment Alliance and included the National Training and Information Center, the Chicago Rehab Network (CRN), the Chicago Association of Neighborhood Development Organizations, the Kenwood-Oakland Community Organization, and others.

The Neighborhood Lending Program and other reinvestment agreements have made Chicago one of the leaders in community reinvestment around the country.

How can community-based organizations keep tabs on bank reinvestment? The Woodstock Institute annually publishes reports on the lending patterns of Chicago banks, based on data obtained from HMDA.

The Community Reinvestment Act (CRA) mandates that banks meet the credit needs of the residents within prescribed geographic areas. When a bank violates this law, it can be challenged by the community and prevented from merging and/or acquiring other financial institutions.

Monies from the NLP program were intended to finance loans for single-family and multi-family housing, mixed-use properties and commercial/industrial properties.

CRN was designated to be the exclusive loan packager of combined acquisition and rehab loans for multi-family housing (properties over five units). For the first five years, the Network relied exclusively on in-house staff to handle the myriad of steps involved in packaging loans which included architectural assistance.

The NLP agreements expired in 1989; the program was so successful that banks had invested over \$100 million for multi-family residential loans in city neighborhoods that had been ravaged by years of disinvestment. In 1989, all three banks renewed and increased their five year reinvestment agreements to \$200 million.

## CRN Services

Through its loan packaging services, CRN has increased the capacity of non-profits and private investors to rehab multi-family residential properties long in need of repairs. By training community-based non-profits to provide these same services, CRN has helped increase the volume of community-generated loans.

Training non-profits to package loans provides a number of key services. Through CRN's training, community-based developers are better able to evaluate the feasibility of some projects. Non-profit NLP packagers are also able to keep rental levels truly affordable when they package their own development deals. As a result, they can save on closing costs and interest rates.

One reason for the success of the Network's NLP are the reduced interest rates offered by participating banks to clients referred by the Network and other non-profit packagers. Technical assistance to novice rehabbers also benefits them by providing information about contractor's sworn statements, determining the scope of work that needs to be performed, and much more.

## Direct Lending

Several banks also do direct lending through internal departments — and no longer rely exclusively on community loan packagers. Nevertheless, community endorsers have been developed to sanction whatever loans banks were going to do in respective areas. CRN took on the responsibility of identifying

and training community-based non-profits for this purpose. Community endorsers provide a range of functions — from verifying affordable rent levels of proposed loans to evaluating the developer's history in a community. Is the developer from the community? Will the community be gentrified, or developed in a way that will preserve housing for low and moderate-income residents? These are the kinds of questions communities frequently have about reinvestment plans.

The advent of NLP bank-generated loans caused a dramatic reduction in the volume of clients referred to CRN. Bank referrals came largely from Northern Trust, which still relies exclusively on community loan-packagers to generate these loans. The Network's NLP staff dwindled from six to one.

### Loan Packaging Consultants

Last August, the Network increased its capacity to serve its clients by contracting with three consultants to provide faster, more efficient multi-family loan packaging services. These consultants (see adjacent box) provide a broad base of community development expertise and background in technical assistance to non-profits.

"I was very pleased with the Network's consultant," said Linda Greene, Vice-President of The Neighborhood Institute (TNI). CRN's packaging services for Greene resulted in a loan approval from Northern Trust. The loan, in the amount of \$164,700, will enable TNI to complete rehab in progress on 24 units in Austin. "I was pleased with the process. The consultant was knowledgeable and pulled together a good package." Linda Greene and TNI worked with CRN consultant Teresa Prim of Prim, Lawrence & Associates.

All told, the NLP has been profitable for banks and an effective tool for creating safer, decent affordable rental units in the City of Chicago. However, we must not forget what was ultimately responsible for this program: the organized clout of community-based non-profits. And we must be prepared to effectively challenge the status quo to assure equitable distribution of these resources for the future.

### CRN Loan Packaging Consultants:

#### Gerald Prestwood, Equity Plus Real Estate Consultants

Mr. Prestwood directed the Neighborhood Lending Program for four-and-a-half years. He provides insight as one who designed and shaped the program's operations, and has fifteen years of experience in sales and rehab of residential real estate. As a private entrepreneur, Mr. Prestwood has contributed to community revitalization in South Shore, Englewood and the Roseland community areas. He also has extensive background in working with community-based housing developers.

#### Teresa Prim, Prim, Lawrence & Associates

Ms. Prim has five years of experience as a community-based housing loan

officer. She has worked for the Organization of the NorthEast (ONE) in Chicago and the Westside Conservation Corporation in Milwaukee, Wisconsin. Her other specialties include business development finance and economic development planning.

#### CDC Consultants:

Formed in 1989 by two principals of the Community Equity Assistance Corporation (CEAC), this firm specializes in syndicated housing projects and the provision of technical assistance to owners of multi-family residential housing. This company draws on the expertise of its founders, who have extensive experience in the banking and real estate insurance industries.



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# Community Development Corporations: Building Capacity Through Training

*CDCs Use Training to Meet National Guidelines for Housing Groups*

*by Anthony Austin and  
Roberta Warshaw*



The Housing Development Training Institute (HDTI) of the Chicago Rehab Network has developed a three-part training program for developers interested in creating affordable housing in the City of Chicago. HDTI offers practical solutions to everyday housing concerns (see box, next page). It's a tool for community-based developers seeking to further empower themselves as they create and rehab affordable housing — even as the City of Chicago stalls the process.

Through information provided at HDTI seminars, developers learn what they need to do to build their capacity. At the same time, HDTI helps empower CDCs who are trying to understand the ever-changing world of affordable housing development.

## Community Housing Development Organizations (CHDOs)

Because of changes instituted under the National Affordable Housing Act of 1990, CDCs must pay close attention to national guidelines for housing developers.

In the last couple of years, developers have heard a lot about "CHDOs" — Community Housing Development Organizations. Your organization must be certified as a "designated" or "potential" CHDO to access the full range of services of HDTI. (For-profit develop-

ers and non-profit developers not qualified as CHDOs can receive assistance from CRN on a more limited basis).

"Potential" CHDOs are those organizations that wish to initiate housing development but do not yet meet all of the legal requirements to be certified as a "designated" CHDO. Organizations can then be certified as a CHDO by the City of Chicago's Department of Housing.

How can your group become a certified CHDO? Meet the requirements of HUD as outlined in the HOME program. Applications for certification are available from CRN and the Department of Housing.

## HOME Funds For CHDOs

CHDOs are eligible to receive direct set-asides of HOME funds. The City of Chicago will receive approximately \$100 million in HOME funds for fiscal years 1992, 1993 and 1994. This means a minimum of \$15 million must be set aside for CHDOs. These set-aside funds must be spent within twenty-four months from the date HUD signs the transmittal letter for the HOME Investment Partnership Agreement. If the set-aside funds are not spent, they will be lost to communities that are successful in spending their CHDO set-aside.

CHDO set-aside funds may be used by CHDOs for HOME activities where the CHDO serves as the developer, sponsor, and/or owner of the housing being produced.

Those activities include:

- acquisition and/or rehabilitation of rental housing;
- new construction of rental housing;

- acquisition and/or rehabilitation of first-time homebuyer property, and
- new construction of first-time homebuyer property.

Up to five percent of the HOME allocation (\$5 million over the next three years) can be paid to a CHDO for operating expenses. This provision of the Act will require a regulatory change by HUD before it is implemented. We expect publication of a rule by May, 1993.

## Predevelopment

CHDO set-aside funds may be provided to CHDOs for project predevelopment assistance. There are two types of project predevelopment loans: 1) technical assis-

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*"Your organization must be certified as a "designated" or "potential" Community Housing Development Organization (CHDO) to access the full range of services of the Housing Training Development Institute (HDTI)."*

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tance and site control, and 2) seed money loans. The Department of Housing of the City of Chicago has decided not to participate in either predevelopment assistance or tenant-based rental assistance. Up to twenty percent of the set-aside (a minimum of \$3 million over the next three years) can be used to help develop CHDO capacity.

## DOH and CHDOs

As of the first week of May, the City of Chicago has two housing groups certified by the Department of Housing as

CHDOs. In comparison to other areas, we are far behind: for example, Iowa has eighteen groups certified and the State of Indiana has twenty-two certified. In Illinois, the city of Evanston has four groups certified.

The Chicago Rehab Network has identified approximately twenty-two of its members who probably qualify as CHDOs. The Network has a mailing list of over sixty groups and organizations that have shown an interest in applying for CHDO status. The Department of Housing currently has about twenty-five applications pending, according to a source within the department.



The Chicago Rehab Network believes that the Department of Housing should quickly qualify organizations so that Chicagoans can lead the way in the development of affordable housing.

HDTI can provide community-based developers with the tools they need to develop affordable housing — and make the most of their CHDO status. For more information about HDTI, call Anthony Austin or Roberta Warshaw at the Chicago Rehab Network, 663-3936.

## To Our Community Reinvestment Partners

Since 1984, Community Investment Corporation has pooled \$171 million in banking resources to dramatically revitalize Chicago and its six-county area. By investing in CIC's unique revolving loan pool, banks and other institutions have financed \$240 million to rehab 13,000 affordable apartments. We wish to thank our 43 current investors for their continued support.

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 Ravenswood  
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 First Midwest  
 First Nationwide  
 Gary-Wheaton Bank  
 and its banks in:  
 Batavia  
 Downers Grove  
 Fox Valley  
 Harris Bank

Heritage Bank  
 LaSalle National  
 LaSalle Northwest  
 LaSalle Talman  
 Liberty Federal Svgs.  
 Merchandise Natl.  
 Michigan Avenue  
 Mid America Federal  
 Mid Town Bank  
 Mid-City Bank  
 NBD-Chicago Bank  
 Northern Trust  
 Northwestern Svgs.  
 Old Kent Bank  
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### Does any of the following sound familiar?

- Staff members in your organization are so busy running in place that they can't move ahead.
- Your organization is disorganized and utilizes outdated systems.
- Staff members are unsure of what they need — in addition to more time and money.
- New staff haven't been trained properly.

**The Housing Development Training Institute (HDTI) of the Chicago Rehab Network (CRN) can help your organization address these problems.**

#### Assessment

- Evaluation: current state of your organization
- Evaluation: your organization's capacity to achieve goals

#### Training:

- Addressing local problems, needs
- Targets: acquisition, finance, architecture, engineering

#### Technical Assistance:

- Project Specific
- On Site, one-on-one

For more about the Housing Development Training Institute: Anthony Austin or Roberta Warshaw, Chicago Rehab Network, 663-3936.

## People to Watch in '93

### Judy Beison, People's Reinvestment and Development Effort (PRIDE)

"I grew up in Englewood, in an impoverished area where apartments were 100 years old and one landlord owned the whole block," said Judy Beison, Housing Services Coordinator for PRIDE and the new President of the Board for the Chicago Rehab Network. "We lived on the side of the street with dilapidated housing; on the other side, there were homes. We were treated differently with services — from police, streets and sanitation, and policymakers.

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*"Community groups are doing good things all around the city. But they have to come together as a whole to push for affordable housing."*

—Judy Beison, Housing Services Coordinator for PRIDE and President of the Chicago Rehab Network

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For Judy Beison, helping PRIDE develop housing is closely tied to efforts to rebuild communities as a whole. "I guess you could say I am on a mission — not only to develop housing, but to help develop people in the neighborhood."

Her background combines the kind of experience you might expect from someone who works for PRIDE, a community-based housing organization that purchases, rehabs and manages apartments on the West Side. PRIDE emerged from the efforts of Austin residents to create their own housing organization; Judy Beison has worked in the real estate field, and on the front lines of community groups seeking changes in their neighborhoods.

Judy Beison's work has included stints with for-profits; as well as Circle Christian Development Corporation, and Urban Services Realty (with current

CHA Chairman Vince Lane). But she was active as a community resident on housing issues long before that. "If a group was fighting for better housing, I'd be marching for it," she said.

"At one point, I felt like there was something missing for me while working for a for-profit," she said. "There wasn't a relationship between finding housing for people and actually empowering people."

As housing director for Interfaith Organizing Project (IOP) a couple of years ago, she was part of the community's much-heralded triumph that forced the city and developers to bring new housing and reinvestment dollars to the Near West Side along with the new stadium for the Bulls and Blackhawks. "This was truly an organization of people that had a bond and a mission," she said. "They just wouldn't let someone come in and destroy the community any further."

As President of the Rehab Network, Judy Beison is playing a key role in the citywide movement for affordable housing. "Community groups are doing good things all around the city," she said. "But they have to come together as a whole to push for affordable housing.

### Chris Brown, ACORN Housing Corporation

"I wish I could say I prepared all my life for this job, but that would be a lie," said Chris Brown, Executive Director of the ACORN Housing Coalition (AHC). "I stumbled into it eight-and-a-half years ago while I was in college." At the time, he was studying philosophy and religious studies at the University of Missouri. "I never did finish school. Working at ACORN started as a one-year thing, but I've liked it so much I'm still doing it."

Today, ACORN Housing Corporation has carved a niche for itself in Englewood by developing single-family housing for low-and moderate-income families.

While many activists emerge from city neighborhoods, there's a host of others like Chris Brown who just happen upon the world of community organizing in Chicago — and never leave. Chris Brown started organizing for ACORN in the early 80s (AHC spun off from

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*"We appreciate the strategy of buying the corner building and rehabbing it. But it is also important to help people who want to own their own homes. It's a combined effort."*

—Chris Brown, Executive Director, ACORN Housing Corporation

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ACORN in 1987). His first campaign targeted a classic organizing issue; he worked with residents of North Lawndale to get a stop sign put up in a neighborhood park. "To me, that was a defining moment," said Brown. "That just got me going — to see that people could come together and create some kind of change in their community."

Later, he worked on a squatter's campaign, during which ACORN took over abandoned buildings and put pressure on the city to start dealing with low-income housing issues. "We came to the realization that we had to set up a housing corporation," said Brown (ACORN also has housing corporations in New York, Philadelphia, Phoenix and Little Rock). "Our original mission was to serve very low- and low-income families, and make homeownership available to them."

"We appreciate the strategy of buying the corner building and rehabbing it," he added. "But it is also important to help people who want their own homes. It's a combined effort." Another joint effort takes place at the Rehab Network, said Brown. "The Network provides an opportunity for groups to get together and move issues that are important to everybody. It gives people the form and

machinery to pursue advocacy on a city-wide basis."

Meanwhile, Chris Brown says he sees a lot of people out there like himself. "You work in this community for a little while, and it becomes really important to you. It's not something to be taken lightly; many make a lifetime commitment."

### **Hank Dungy, Basic Englewood Neighborhood Development (BEND)**

In the early 1980s, Hank Dungy started his own jazz record label in Chicago and produced a few albums. He had always been a big jazz fan — listening to Miles Davis, Freddie Hubbard, George Duke and many others. Before that, he had been an assistant producer in the Jazz Division of CBS Records.

What, you might ask, does this have to do with the development of housing for people in Chicago's low-income neighborhoods? Actually, they are probably closely related. Like many jazz records, Hank Dungy's career has been full of risks, twists and turns. And even though much of that career may seem improvised, Hank Dungy is also intensely focused on the needs of Chicago's communities. He is the Chief Executive Director of Basic Englewood Neighborhood Development (BEND), and the new Treasurer of the Rehab Network's Board of Directors.

"My father was a contractor, and I was raised in the construction industry," said Dungy, who grew up in Englewood and Auburn Park, and bought and rehabbed his first building when he was twenty-one. "I've always been buying and rehabbing."

After working for several years in the music industry, Dungy was courted by a group to do direct response marketing — "the kind of marketing you see on TV, when they take the product right to the consumer." Through this field, he has helped market music (including "Soul

Music of the 70s") and physical fitness products.

Later, he ran his own lumber company — Dungy Lumber — for six years.

While using his skills as an entrepreneur, Hank Dungy also involved himself in a lot of community projects through his church. "I'd consult with churches on rehab projects, and became aware that BEND was training young people in the business trades. I was very interested, especially considering the lack minority participation in this field."

At BEND, Dungy and his team are building "New Homes for Englewood," a program to bring newly constructed, affordable single-family homes to the Englewood Community. According to BEND, the "New Homes" will be the first build in Englewood since 1975.

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*"My father was a contractor, and I was raised in the construction industry. I've always been buying and rehabbing."*

*—Hank Dungy, Chief Executive Officer, Basic Englewood Neighborhood Development (BEND)*

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Hank Dungy points to the importance of participation of public officials, businesses and other organizations around the city in this project.

At the same time, he is just as excited about involving high school students in the process. "The Gannett Company has committed 25 billboards for this project. We are asking kids to design what will go on these billboards. They are being trained in desktop publishing."

"I believe that in order to turn a community around you start with the youth," said Dungy. As the BEND slogan goes, "New Homes for Englewood. Not Just New Homes, But...A Whole New Attitude."

### **A Must Have for My Personal Library**

#### **Network Builder Publications:**

*Housing Fact Book (second edition)*  
\$20.00

This publication can be purchased starting June 30, 1993

*Chicago Affordable Housing and Community Jobs Campaign*  
\$5.00

#### **Future Publications:**

*Housing Development Under the Daley Administration*

Anticipated purchase date is November, 1993

*Community Development: Chicago Style—The True Story*

Anticipated purchase date is December, 1993

Next Edition of the Network Builder:  
Racism and its Impact On Housing

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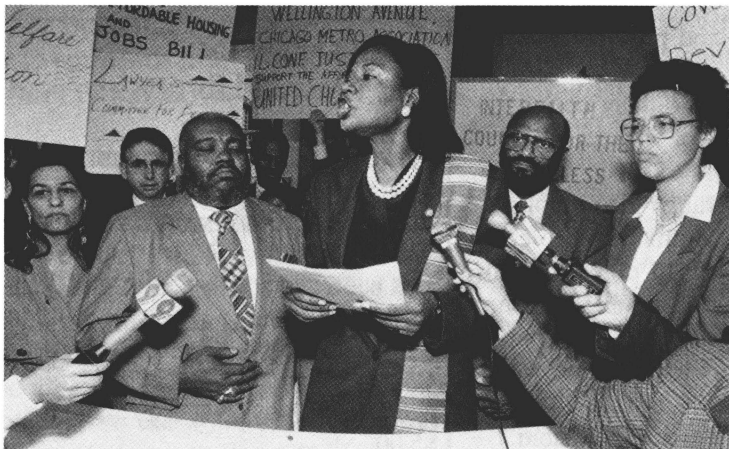
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# Affordable Housing Campaign Gaining Momentum

(Continued from page 1)



Aldermen in support of Affordable Housing and Community Jobs Ordinance include (left to right): Helen Schiller, Lawrence Bloom, Virgil Jones, Arenda Troutman, Ed Smith and Toni Preckwinkle.

cussing the ordinance with Chicago Rehab Network leaders. Too often, the Mayor is perceived as someone who brings mega-projects to the city —without bringing jobs or housing to communities. This ordinance provides the mayor with an opportunity to demonstrate his commitment to affordable housing and jobs for Chicago's communities.

## How You Can Help

- Call your alderman. Find out where he or she stands on the ordinance. (Call Kim Bobo at 645-6010 to let her know your alderman's position).

- Send postcards to your alderman. Send large quantities of postcards or individual letters to your alderman. This is one of the easiest and best ways to demonstrate broad support for the ordinance. Plus: Ask your alderman to hold a hearing on the ordinance in your neighborhood.

- Endorse the campaign. If your organization or other groups you belong to have not yet endorsed the campaign, urge them to do so immediately.

- Call Alderman Ambrosio Medrano, Chairman of the Housing Committee in the City Council, to ask for hearings on the ordinance through the committee in your community. His phone number is 744-6845.

- Attend the public hearings. The upcoming hearings are designed to solicit community input and support. Please come and bring your neighbors.

- Intern this summer for the campaign in your neighborhood. For more, contact the Kim Bobo, 645-6010.

The Chicago Affordable Housing and Community Jobs Campaign is not a campaign that will stop with one hearing, one vote in the City Council, or a few hollow proclamations by public officials in Chicago. Through the efforts of people and organizations around the city, the campaign is part of an ongoing movement to make Chicago's neighborhoods a priority!

## Chicago Affordable Housing and Community Jobs Ordinance

Aldermanic Scorecard (as of May 19, 1993)

Ward	Alderman	Supports	Undecided	Phone
1.	Theodore Mazola		✓	733-4600
2.	Madeline Haithcock	✓		225-3444
3.	Dorothy Tillman	✓		373-3228
4.	Toni Preckwinkle	✓		536-8103
5.	Lawrence Bloom	✓		667-0900
6.	John O. Steele	✓		846-7006
7.	William Beavers	✓		731-1515
8.	Lorraine Dixon		✓	874-3300
9.	Robert Shaw	✓		468-2700
10.	John Buchanan	✓		374-8181
11.	Patrick M. Huels		✓	254-6677
12.	Mark J. Fary		✓	254-4600
13.	John S. Madryzk		✓	581-8000
14.	Edward M. Burke		✓	471-1414
15.	Virgil E. Jones	✓		776-7106
16.	Shirley Coleman	✓		483-7041
17.	Allan Streeter	✓		224-1560
18.	Thomas Murphy		✓	471-1991
19.	Ginger Rugai		✓	238-8766
20.	Arenda Troutman	✓		324-5224
21.	Jesse Evans	✓		488-5100
22.	Ricardo Munoz	✓		762-1771
23.	James Laski		✓	229-0066
24.	Jesse Miller Jr.	✓		638-0888
25.	Ambrosio Medrano		✓	942-1991
26.	Billy Ocasio	✓		486-1123
27.	Dexter Watson	✓		733-9661
28.	Ed H. Smith	✓		287-2500
29.	Sam Burrell	✓		626-2700
30.	Carole Bialczak		✓	637-8700
31.	Ray Suarez		✓	486-6488
32.	Terry M. Gabinski		✓	384-3011
33.	Richard F. Mell		✓	744-6825
34.	Lemuel Austin, Jr.		✓	928-6961
35.	Michael A. Wojcik		✓	342-6760
36.	William J.P. Banks		✓	622-3232
37.	Percy Z. Giles	✓		637-1300
38.	Thomas Allen		✓	237-0900
39.	Anthony C. Laurino		✓	736-5594
40.	Patrick J. O'Connor		✓	769-1140
41.	Brian Doherty		✓	792-1991
42.	Burton F. Natarus		✓	744-3062
43.	Edwin Eisendrath		✓	327-9111
44.	Bernard J. Hansen	✓		525-6034
45.	Patrick J. Levar		✓	545-2545
46.	Helen Schiller	✓		878-4646
47.	Eugene C. Schulter		✓	728-6300
48.	Mary Ann Smith		✓	784-5277
49.	Joseph A. Moore	✓		338-5796
50.	Bernard L. Stone		✓	764-5050



# City Government

## Capacity to Develop Affordable Housing

*(Continued from page 3)*

Director Art Vazquez thought the City was insufficiently aware of the problems extra costs like this pose to non-profit developers trying to create affordable housing. Yet, the department claims that non-profits are the main targets for CAPP buildings.

### More CAPP Problems:

In October, 1991, the CAPP Financing Program was announced, allocating as much as \$4.3 million to a loan/grant program for CAPP buildings from refinancing of housing bonds. At this date, the City has not determined how the fund will be structured. Funding for this program has been reduced to \$2 million dollars.

As originally announced by the Mayor, the Chicago Rehab Network and Neighborhood Housing Services were to administer CAPP for the Department of Buildings under guidelines jointly developed. Last October, DOH took over administration of the program — and all progress was halted. No funds have been expended to help rehab CAPP buildings.

Through a grant from the Chicago Community Trust, the Community Economic Development Law Project has also trained 40 pro bono attorneys to

acquire buildings through the program. To date, the city's Law Department has directed only 7 cases to them.

### Lien Foreclosure

The Department of Law has at least thirty multi-family buildings with outstanding heat or HAPP liens which were extended to the owner on an emergency basis, subject to repayment agreements.

In some cases, owners have been unwilling or unable to repay those liens. The Law Department would like to foreclose on its lien and take title to the property. However, since the city never wants to hold title to buildings, it needs to designate another developer to receive these buildings.

Roadblock: The Rehab Network's requests to DOH to process applications for these buildings has gone unanswered. DOH claims there is no procedure for acquiring these buildings — but the Network points to how the program can work — and has worked for non-profits. The Rehab Network has offered to work with DOH to standardize procedures.

### How Program Works for Non-Profits:

PRIDE used this procedure to acquire a 24-unit multi-family building at 221 S. Central in Austin. The process took

about a year and cost PRIDE \$1,000 to reimburse the City for its foreclosure costs. The longest delay? Waiting for the Department of Law to draft a redevelopment agreement. As Debra Clayborn at PRIDE reported, PRIDE's attorney finally suggested using the TRP agreement as a model — and the deal closed.

Encouraged by the potential for the program, the Network proposed that the City use the same application procedures and redevelopment agreement for lien foreclosure as it does for TRP. No response from TRP has been forthcoming.

Where does that leave us? It is clear to the Rehab Network that the City cannot continue to just tear down buildings, and cannot leave them vacant and deteriorated. Rather, the City of Chicago must make a new commitment to move properties to new developers — especially those committed to job creation and to affordable housing opportunities.

Community-based developers are ready to respond to the city's affordable housing crisis — but the city must fulfill its role and follow through with key programs and policies. In reality, it's the city's capacity and commitment to developing affordable housing that needs to be questioned.

## Message from the Executive Director

*(Continued from page 2)*

housing they can produce in their neighborhoods. This frustration has been brought on primarily by the lack of government support and unwillingness of the corporate community. Many say that the capacity to produce affordable housing in Chicago is withering on the vine — when it should be flourishing.

All of the four basic resources must be developed equally and constantly. Unfortunately, over the last few years

we as a community have failed in all four areas.

The final question of measuring capacity revolves around the simple truth that often times capacity — like beauty — is in the eyes of the beholder. And if the beholder's eyes have never seen an organization operating out of a basement with sparse staff, old equipment, a bank account with less than half a million dollars operating in deteriorat-

ing neighborhoods? If the beholder's eyes have never seen a board comprised of community residents, people of different races working together to fulfill a dream and succeeding? Then the beholder believes that capacity does not exist. See a man as he is and you may see the worst in him. See a man as he may be, and you see the best in him. It all depends on the eyes of the beholder.

## The Plumb Line

Rumors abound that — oh, but we couldn't. And did you hear that — oh, but really we just can't. The TPL censors have been at it again, and here's what we're left with:

**TALE OF TWO GROUPS: LEAD** (the lead paint folks) and MTO figure prominently in this ish. Apparently they will soon tear themselves away from their respective homes at RP-CAN and the Jane Addams Center to move in together (address as yet unknown). How convivial. They tell us they're gratefully accepting furniture donations...With the move, **Ralph Scott** bids a fond (and tearful?) farewell to RP-CAN because he's now a full-time LEAD staffer...**Genny Moreno**, formerly of Bickerdike, also joined the LEAD team...And a short while back, **Denise Irwin**, Voice of the People prez, came on board at MTO as outreach coordinator.

But we're not done with these two busy organizations yet. It appears that despite the impending move, staffers have not neglected their personal lives. LEAD leader **John Knox** is in the midst of wedding plans — he and **Karen Haasen** will be married September 4...And MTO's **Julia Goode** had a baby, named **Mordechai**, in early April. (We hear husband **Rob Sadowski** had something to do with this). By the way, Rob, formerly of People's Housing, is now at CNT preparing to launch the Chicago Mutual Housing Association....

**TALE OF ONE MORE GROUP:** Speaking of CNT, what the heck is going on over there? We hear that **Jackie Grimshaw**, **Ray Lau**, **Jo Patton** and **Kevin Greene** have joined the crew as part of some new and exciting reorganization...we'd ask big cheese **Scott Bernstein** about it, but we hear that he is pretty busy these days — since his wife **Chris Imhoff** had a baby girl a couple of months back...Other CNT staffers with new offspring **Michael Freedberg** (a boy) and office manager **Holly Campbell** (a girl).

They say there's something in the water...we also hear that CNT stalwart **Bill Goldman** has officially left the staff to do his own construction thing...

**MUTUAL FRIENDS:** Meanwhile, soon-to-be-wed MTO boss **Tim Carpenter** found time to organize a trip to Jamaica for a bunch of folks including TIA's **Larry Pusateri**, **Roger Kerson** (husband of **Robin Kaplan**), CRN chief **David Hunt**, soon-to-be-wed (to **Tim Ann Cibulskis**, graphic designer extraordinaire **Anita Pusateri**, **Robin Kaplan** (wife of **Roger Kerson**) and LaSalle Bank's **Kristin Faust**. Get the picture?? They drank Red Stripe, frolicked on the beach, biked around, drank Red Stripe, and generally had a good time. We hear they're calling the trip a housing summit, but hey guys — we doubt the IRS will agree.

**HARD TIMES:** As usual, lots of hot job news to report. **Joanna Brown** is now at LSNA...**Audrey Lesondek** left Lakefront SRO for TIA, where she'll organize co-ops...**Luther Snow** is leaving CWED and moving to Iowa...**Cecil Lawrence**, once of TNI, is now at CHA promoting homeownership...**Anne Rich** has been liberated from DOH...Former DOH deputy commish **Steve Gladden** hopped over to the FHLB, then the Urban League, and has now come to rest at IHDA...Former CRN staffer **David Kimball** heads up a community group in Stickney, where he has plunged into a heated controversy about crooked elections. We even hear that someone threatened to blow up his car...**Rob Grossinger** begins a new position with the Corporation for Supportive Housing on June 1...**Josh Hoyt** is leaving ONE sometime this summer...

...And what's this we hear about the Industrial Areas Foundation (IAF) possibly making a comeback in Chicago later this year?

**AND MORE:** CRN welcomes former Bethel and IOP staffer **Tony Austin**, who will help run our training pro-

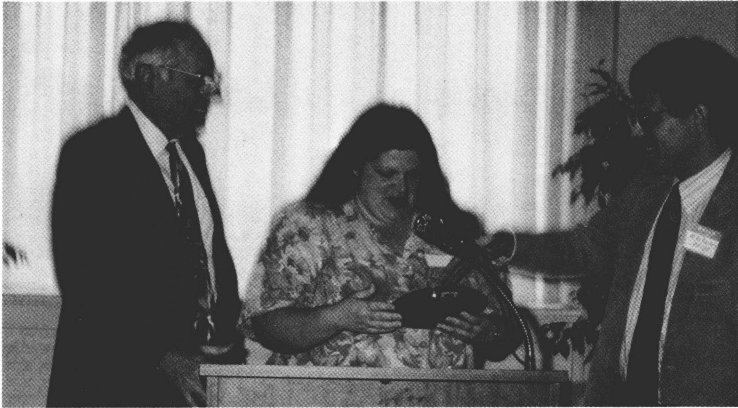
grams...**Ed Jacob** has decided to help promote small business from the inside, at First Chicago's Ravenswood branch...**Mary O'Connell**, longtime editor of The Neighborhood Works, now covers health reform news for the American Medical News...She's replaced at TNW by **Patti Wolter**, who we hear plans to start a gossip column immediately (just kidding)...Meanwhile, Mary's husband **Malcolm Bush**, formerly of Voices for Illinois Children, is now executive director of the Woodstock Institute, while Woodstock's **Jean Pogge** has become a veep at South Shore Bank...So **Billy Ocasio**, formerly of LUCHA, is now an alderman. Does that mean he'll be a Congressman someday, like another former Westtown housing activist?

**OLD CURIOSITY SHOP:** Some odds and ends — our congrats to Public Welfare Coalition's **Doug Dobbmeyer**, who found himself on the receiving end of a particularly cranky Royko column. Doug, you must be doing something right... Remember **Audrey Lyon**? She's happily ensconced in DC, where she's the director of YACHAD, a Jewish housing development group. She and husband Jeff are buying a house in Maryland, yet...CRN's **Bobbie Warshaw** retires as an Evanston alderman after eight long but exciting years. But will someone please tell us why she has been making frequent trips to the wilds of western Pennsylvania?... Meanwhile, **Sue Brady** of HRC has also retired as Evanston alderman.

CRN's Development Ace **Susan Katz** has recently tried her hand as a playwright...CRN says goodbye to Office Manager **Lori Jones**, who tops us all in the unusual news department. She's moving to California, where her son William stars in a TV series called California Dreams (it's on Saturdays at 9:30 am, Channel 5). So tell us about life as the mother of a teen idol, Lori...

*(continued on page 19)*

## Changes on Rehab Network Board



Denise Irwin, President, Voice of the People (VOP), accepting the Chicago Rehab Network's Award to VOP as "Developer of the Year."

The recent Rehab Network board elections brought four key changes to the Network.

The changes will help maintain stability and continuity at the Network, especially with many Network board members staying on the board. "Many board members are staying on the board, because we're on the verge of something special and people want to see it through," said Jean Butzen, former President of the Board and Executive Director of Lakefront SRO.

Changes on the Network board include:

- Judy Beison of Peoples Reinvestment and Development Effort (PRIDE), is now President of the Rehab Network;
- Hank Dungy, Basic Englewood Neighborhood Development (BEND), is the new Treasurer;
- Evelyn Romero, Latin United Community Housing Association (LUCHA), who will work on Program/Planning & Evaluation, and
- Tom Robertson of American Indian Economic Development Association (AIEDA), who will be the Chairman of Finance/Personnel Policy.

"Our main focus is on education of member groups, especially through the Housing Development Training Institute (HDTI)," said Judy Beison. "If there is a mechanism to really train people, there

will be less turnover — and organizations will be more stable."

If that happens, according to Beison, Network members will be much stronger in various advocacy efforts. "If people are educated about housing issues, they will be better able to take their concerns to governments," she added.

Tom Robertson joined Beison in support of the Chicago Affordable Housing and Community Jobs Ordinance, the Network's biggest grassroots organizing campaign in years. "It's important to link these issues," he noted. "If you're homeless and don't have a job, for example, how are you going to have any money for housing?"

According to Hank Dungy, the Network needs to build stronger support in Chicago communities — something that is already happening through the housing and jobs campaign. "We need to have a voice in these neighborhoods," he said, "so that when people are speaking through the Network, it eventually could have a direct impact on their neighborhoods."

"There is so much to be accomplished here," said Evelyn Romero, who brings eleven years of experience in the construction industry to her position on the Network's board. "It's rewarding to know that you are working to accomplish something for families — and neighborhoods — that really need it."

Meanwhile, the Rehab Network has also recognized several members for outstanding contributions in the last year:

- Alan Goldberg, Jewish Council on Urban Affairs, "Networker of the Year."
- Voice of the People, "Developer of the Year"
- ACORN, "Advocacy Warrior of the Year."

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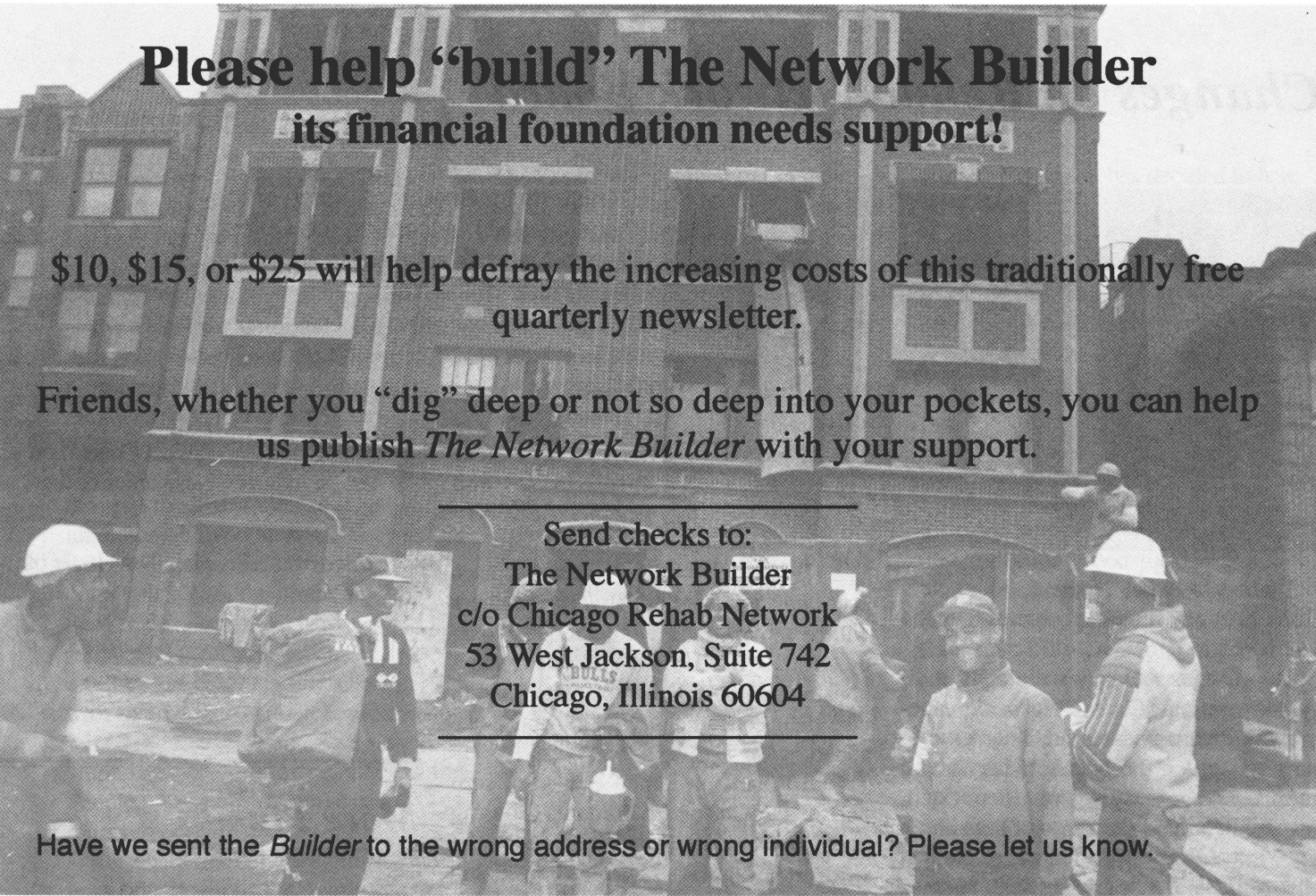
## More Plumbs

(Continued from page 18)

**GREAT EXPECTATIONS:** Congrats to LUCHA's **Juan Rivera**, shortly to receive his MBA from Northwestern. We hear he plans to put it to good use, and we don't mean with Ameritech or Sears or Com Ed or...

Meanwhile, **Deb "Decisive is My Middle Name" Weiner** plans to get out of town, if she can ever figure out where to go. Will it be to West Virginia? California? Massachusetts? Your guess is as good as TPL's, at this point. D.W., who will be studying public history, won't be able to keep up with all of the latest gossip about Chicagoans from her new home — or will she? One thing's for sure, when she does go, the world of gossip — and The Plumb Line — will never be the same. Thank God?

If you're interested in plumbing all kinds of juicy gossip as writer, confidante, and rumor-monger for the Plumb Line, contact the Chicago Rehab Network, 53 West Jackson, Chicago, Illinois 60604. Or call 663-3936 with your latest scoop.



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