THE NETWORK BUILDER

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Public-Private Partnership

50th Anniversary of the National Housing Act Observed

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

Last year commemorated 50 years since the passage and signing of the Housing Act of 1949, the most ambitious housing and urban renewal legislation that the Congress had ever enacted up to that time. Even more important than the enabling legislation and the appropriation was the fact that the legislation made "the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family" national housing policy.

On November 3rd, an event celebrating the 50th anniversary of the Housing Act of 1949 was held and sponsored by the National Association of Home Builders, Fannie Mae, Freddie Mac, the National Building Museum, the National Housing Conference and the National Housing Endowment. But where were all the other participants such as the National Association of Realtors, the Federal Home Loan Bank System, the National Low Income Housing Coalition and other not for profit representatives, just to mention a few? Wasn't this a day worthy of a resolution from Congress to observe this milestone? Couldn't the President have declared this a special day to recall the passage of the Housing Act of 1949 and call for the nation to rededicate itself to providing decent homes for every American family? It seems that we gave a party to celebrate 50 years of housing and only a few came or were even invited.

Charles M. Hill Sr. left his long time post as Executive Vice President of the Federal Home Loan Bank of Chicago in February. It is a loss to the affordable housing community. His experience and leadership will be greatly missed.

The event may reflect how well our nation has kept faith with the Act's ambitious goals over the past 50 years: those years have been marked by great strides, but not by universal success in the realizing decent and suitable housing for all American families.

First let me provide a little history to serve as a context for this effort. The housing movement was born in the early 1930s when a deepening depression saw mortgage foreclosures running up to one thousand a day. To stem the tide, the Congress created the Federal Home Loan Bank System to provide liquidity

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The Network Builder is published by the Chicago Rehab Network (CRN) and is available to individuals and organizations concerned with the continuing supply of decent housing opportunities for low and moderate income residents of Chicago.
Address inquiries to:
The Chicago Rehab Network
53 W. Jackson, Suite 742
Chicago, IL 60604
(312) 663-3936

CRN President:
Joy Aruguete
Bickerdike Redevelopment Corp.

CRN Vice President:
Mattie Butler
Woodlawn East Community and Neighbors

Executive Director:
Kevin F. Jackson

Director of Operations:
Rachel Patterson Johnston

Coordinator of Organizing and Advocacy:
Gené Moreno

Policy Director:
Joyce Probst

Senior Program Officer:
Ken Oliver

Office Manager:
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Executive Assistant:
Ava Watson

Receptionist/Secretary:
Lorinda Donnell

Editor:
Kristin Ostberg

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From the Executive Director

by Kevin Jackson
Executive Director

At the Chicago Rehab Network we have undertaken an ambitious planning effort called the Public Private Finance Initiative. In the first month of the new year, we launched six bold proposals which, if fully implemented, will establish significant new financial tools and enhanced revenue streams for the housing needs of households who earn less than 50 percent of the area median income ($32,000 for a family of four in the Chicago metropolitan area). This issue of The Network Builder tells the story of the Public Private Finance Initiative and describes the context from which it arose. The document detailing the proposals developed by the Initiative is available from the CRN office.

I would like to acknowledge the skill and commitment of my colleagues who joined CRN in the planning process, including the representatives from DOH and the Woods Fund, but particularly the co-chairs who helped bring the best out of the working groups. Their work required managing the varied interests of a diverse crowd of participants to develop the Initiative's proposals. It is a tribute to the Initiative's participants and their commitment to the goal that our Public- Private Finance Intiative has proposed $650 million in new housing assistance. The Initiative also owes its success to the stewardship and long hours of Ms. Joyce Probst, Ms.Gene Moreno and Mr. Ken Oliver of CRN's staff. Each of them have labored in the community development field in ways that fueled their present resolve to get the job done. They represent the history and value of community development and the leadership that effective planning entails. Its the very same leadership that yielded the Community Reinvestment Act, the Tax Reactivation Program, and the Affordable Housing and Community Jobs Campaign.

As you review this issue you will realize that the crisis of affordable housing is not due to an absence of planning efforts. In fact, much of the current crisis is a direct consequence of affordable housing plans that have historically worked against their stated goal. We work against decent affordable housing when we marginalize it, then tear it down as a statement of progress, as if it failed by bad design. The greatest obstacles to better affordable housing is not inadequate design so much as inadequate resources, political will and public interest in making a significant difference in the lives of people who need housing assistance the most. Successful community development corporations have always attended to their constituencies by keeping those priorities in mind.

Since its inception, the PPFI has looked directly to those three issues: adequate resources, political will and public attitude. We have put forward proposals for new resources. We are also hopeful for renewed political leadership. Representative Art Turner and Senator William Peterson have introduced legislation that would establish a state donations tax credit, and have led a dozen other elected officials to join in this new focus. Cook County Assessor James Houlihan has embraced the importance of multi family rental housing and has worked to incorporate our ideas into his office's work as real solutions. Changing attitudes can be daunting, but the need for affordable housing reaches much further than is commonly recognized. With growing assistance from the likes of the Archdiocese of Chicago, which has already pledged support for our SMART Fund, and with our friends in the It Takes A Home To Raise A Child campaign, we can get it accomplished. We are looking forward to an exciting year. Thanks for joining us.

Finally, a mentor and friend, Chuck Hill had the good fortune to announce his retirement this month. I cannot think of anyone who has done more to demonstrate the results of marshaling a public -private response to our housing needs than Chuck. His skill, humor and success inspires us, and while we will endeavor to continue his contribution, we will continue to look for ways to keep his leadership nearby. ●

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to the Savings and Loan Industry, and then in 1934, created the Federal Housing Administration (FHA) to insure housing loans, and the Federal Savings and Loan Insurance Corporation (FSLIC). The FSLIC insured the customers' deposits in thrifts, providing a guaranty that their money was safe, backed by an agency of the U.S. government. The FSLIC thus served as a deterrent to thrift failures, and stabilized the mortgage market.

But these protections did not always apply to all citizens across the board. While the post-war era brought a building boom to meet the pent-up demand following World War II, the benefits of the American Dream were often denied to minorities, especially African Americans who lived in a hostile environment. U.S. Government agencies that should have demonstrated their support and provided assistance to all were openly practicing discrimination. The term "red-lining" did not come from the financial institutions, but the FHA itself, which would draw a red line around those areas they believed to be risky. Of course, these were inner city areas, where African Americans lived, and thereby were considered uninsurable.

The government also promoted housing discrimination through the use of racially restrictive covenants. Again, the FHA developed the model for racially restrictive covenants designed to keep blacks out of newly developed subdivisions. Fortunately, lawsuits brought by civil rights groups forced them to abandon this policy.

With the passage of fair housing legislation in the 1960s and the Community Reinvestment Act of 1977 (CRA), which discourages housing discrimination and redlining, we now have a more favorable lending climate than in previous decades. In 1961, housing became a national priority again and the Housing and Home Finance Agency was later elevated to cabinet status in 1965 with

"Fifty years after the passage of the landmark Housing Act of 1949, our continuing prosperity makes it easy to forget that millions of families have inadequate housing.

I hope that there will be more of us in attendance at the next celebration of this Act, and at the decision making table."

the creation of the Department of Housing and Urban Development (HUD). The impetus of the 1960s was followed in the 1970s by the Nixon Administration's moratorium on assisted housing and its unsuccessful attempts to merge HUD into other agencies, a move that would have been devastating, leaving the federal government without an official agency and spokesman for housing issues. When the Reagan Administration came into power, it initiated draconian cuts in the housing budget, reducing appropriations from more than $20 billion to $9 billion, almost bringing affordable housing programs to a standstill for several years. It was under these adverse conditions that housing advocates learned how to layer assistance from a variety of sources to produce housing for low income people.

With the strengthening of the Fair Housing Act in 1988 and a renewed commitment to housing in the 90s, significant progress has been made in this decade. We also have the benefit of the longest sustained economic expansion in this century, with low inflation and a budget surplus. Homeownership in the U.S. has risen to an all-time high of 67%. But a rising tide does not always lift all boats. Only 47% of African Americans own their own homes, while other minorities have been left behind as well. We also can't ignore the fact that over 5 million families still pay more than half of their incomes for housing. Housing discrimination continues to be a problem, although HUD has been pursuing vigorous enforcement of fair housing laws.

Fifty years after the passage of the landmark Housing Act of 1949, our continuing prosperity makes it easy to forget that millions of families have inadequate housing, which is one of the most basic needs toward sustaining families and creating strong communities. I hope that there will be more of us in attendance at the next celebration of this Act, and at the decision making table. Hopefully, the next time we will witness a groundswell of support from a wide range of advocates who strive to meet this country's housing needs. ●

Scanning the Landscape

CRN's Public Private Finance Initiative is leading an expanding coalition in pursuit of a new affordable housing finance tool for the new decade. The Initiative unfolds in a landscape marked by an ever increasing affordable housing shortage, and a long string of broken subsidy programs that couldn't fix it. The affordable housing crisis did not always look the way it does today. Thirty years ago there were actually more low cost rental units in the United States than there were very low income renters. The balance swung in the opposite direction in the 1980s. Today, the number of poor households continues to shoot upward, while the number of units affordable to them declines. Every year, new studies show these trends show these trends persist despite decades of federal investment, and the phenomenal energy of the homeownership market, which has made more Americans homeowners than ever before.

National affordable housing gap for low income renters in 1998: 4.4 million units ◆ Percent of income typical poor renter spent on housing in 1995: 60 ◆ Percent of income typical renter in an unsubsidized unit spent: 70 ◆ Chicago's affordable housing gap in 1990: 117,200 units ◆ In 1995: 130,000 units ◆ In 1999: 153,300 units ◆ Number of low cost rental units in U.S. in 1970: 6.5 million ◆ Number of low income renters in 1970: 6.2 million ◆ Number of low cost rental units in 1995: 6.1 million ◆ Number of low cost renters in 1995: 10.5 million ◆ Number of very low income renters (incomes under 30% AMI) without rent subsidy in 1998: 5.8 million ◆ Number of unsubsidized units affordable to extremely low income households (under 30% AMI) in 1991: 1.9 million ◆ Number of unsubsidized units affordable to extremely low income households in 1997: 1.5 million ◆ Fair Market Rent for a 2 Bedroom Apartment in Chicago in 1999: $737 ◆ Income needed to afford it: $29,480 ◆ Income at minimum wage (working full time, all year): $10,300 ◆ Percent of Chicago renters unable to afford FMR (estimated): 43% ◆ Number of units affordable to struggling families (incomes at or below 30% AMI) lost between 1991 and 1997: 372,000 ◆ Number of renters at or below 30% AMI increased between 1995 and 1997: 260,000 ◆ Rate at which rents increased 1997: 3.1% ◆ Rate at which Consumer Price Index increased 1997: 1.6% ◆ Proportion of tax expenditures that go to homeowners: 88% ◆ Homeownership rate in 1996: 65.4% ◆ In 1998: 66.3% ◆ Number of new owner households over past 4 years: 5.4 million ◆ Percent of growth due to minority first time buyers: 40 ◆ Budget Outlays for Assisted Housing in FY 2000: $26 billion ◆ Tax expenditures for housing in 1999: $103.7 billion

The Growing Heap of Evidence

We are a nation of homeowners, but it is not by accident, or thanks to the obvious desirability of homeownership alone. The federal government has spent hundreds of billions of dollars to make homeownership attainable to middle income Americans — starting during the Great Depression, when a two-prong federal intervention strategy shored up consumer faith in the banking industry on the one hand, and insured its mortgage products against consumer defaults on the other. This strategy made long term mortgages with relatively low downpayments possible, and brought homeownership within reach for many families. After World War II, the federal VA mortgage insurance program helped push housing starts up over the 1 million mark, and every year homeowners are helped along with hundreds of billions of dollars in tax incentives. Today, those tax expenditures dwarf the HUD budget for low income housing.

The happy history of single family housing runs parallel to the gloomier story of federal efforts to create affordable housing for low income Americans. Ambivalence over the propriety of subsidizing low income housing at all has made federal low income housing policy an unsteady thing - split between building public housing and incenting the private market to do it, interrupted by moratoriums and abrupt changes in course. Production never approached the scale of the need, or the federal government's stated goals for addressing it, much less the scale of growth of single family development. And from yesterday's Urban Renewal to today's public housing reinvention projects, it has always been easier to tear down what you don't want than to build what you do. This simple rule helped swing the balance between need and supply of affordable housing in the first place, and it still makes it difficult to swing the balance back today.

Parallel Histories

1933: National Industrial Recovery Act authorizes the Public Works Administration to construct low cost housing: PWA produces 40,000 units before US Court of Appeals declares PWA's use of eminent domain unconstitutional

1937: Wagner Housing Act creates US Housing Authority to extend loans and grants to assist local public housing agencies in the use of their eminent domain powers.

By 1955, 344,000 units of public housing will have been created, a little over 19,000 a year.

1920s

1930s

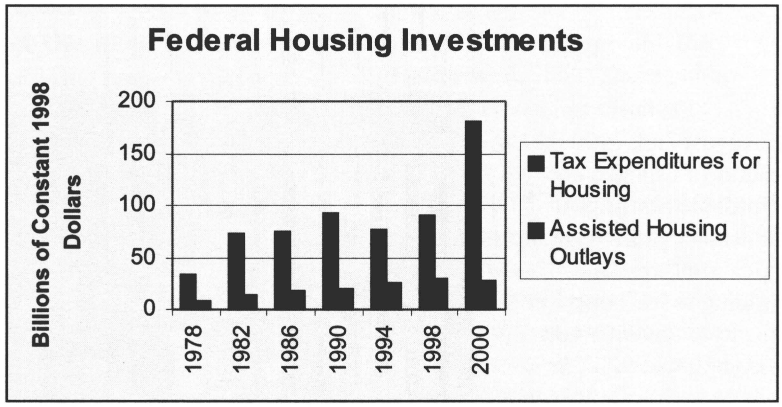
Housing starts average over 700,000 units per year in the booming 1920s, without any federal assistance

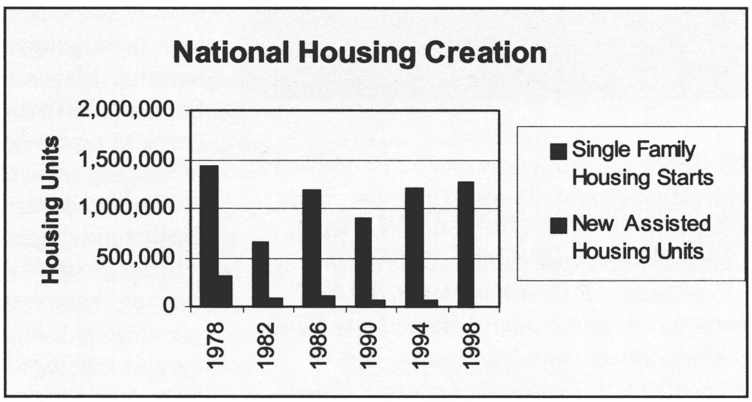
1933: Homeowner's Loan Corporation created to provide emergency financing to prevent foreclosures: the Corporation extends $3 billion in loans in three years of its existence.

1933: FHA insures long term mortgages offered by housing lenders -- giving them the confidence to extend consumers long term amortizing mortgages and bring homeownership within reach of more Americans.

By the 1930s, housing starts average less than 275,000 per year, falling below 100,000 in 1933: a 90% drop from the 1920s peak. Foreclosures reach 1,000 a day; 1/2 of country's homeowners are in default on their mortgages

Even as the affordable crisis grows, the American public, at least as it is monitored by the news media and reflected by legislators, is frankly not interested. Yet who believes that the sufferings of the poor will only affect the poor? That's why the challenge of the Public Private Finance Initiative has been twofold: to identify new resources to build affordable housing for those earning under 60% of the Area Median Income, but also to build the base of participants who recognize that all Americans have a stake in the creation of decent, affordable housing for all Americans.





1949 Housing Act restarts public housing in US, by winning over the real estate lobby with slum clearance provisions. The act authorizes $1 billion in loans and $500 million in grants to help local public renewal agencies assemble and clear land. Clearance provisions are joined with authority to create 800,000 public housing units in 6 years.

By 1967, only 107,000 housing units were constructed on land made available under the redevelopment program, and only 42,000 were for low or moderate income families. Meanwhile over 400,000 units were demolished.

1940s

1934: Federal Savings and Loan Insurance Corporation created to insure individual depositor's accounts against subscribing institution's failure, giving consumers confidence to put their money back in the bank.

The federal government also creates a secondary mortgage markets to add liquidity and allow banks to make more loans: creating the Federal Home Loan Bank in 1933, and Fannie Mae in 1938

1945: Servicemen's Readjustment Acts: VA home loan program guarantees mortgages, pushes annual housing starts up over the 1 million mark in the years after WWII.

Taking Initiative: the Origins of the Public Private Finance Initiative

On the morning of August 2nd, 1999 the leaders of Chicago's affordable housing movement gathered at the top of the Bank One building to look out over the city to invent a new financing tool to fill the gaps in its housing stock. They were bankers, planners, community developers, the staff of foundations and city departments — over 40 people in all. For one day they put all obstacles aside and set their minds on possibility. Almost 15 years before a group of their peers had conceived the Low Income Housing Tax Credit in the same way. In 1999, the Chicago Rehab Network partnered with The Woods Fund and the City's Department of Housing to do it again.

Left to Right: CRN's Kevin Jackson and PPFI co-chairs Ben Applegate, Applegate & Thorne-Thomsen; Robin Snyderman, MPC; Kitty Cole, Lakefront SRO; Mark Laubacher, US Bancorp Piper Jaffray; Debra Schwartz, MacArthur Foundation; Robert Wharton, CBDA of Cook County; Charles Hill, Federal Home Loan Bank; with DOH Commissioner Jack Markowski. Not pictured: Michael Goetz, Downstate Laborers Union; Timothy Wright, WJYS-TV; Helen Dunlap, Shorebank Advisory Services.

The time is ripe for challenge. Studies from all directions have been piling up the evidence: the affordable housing gap in Chicago and the nation is large, and it is growing. Meanwhile, the federal government continues to retreat from its commitment to provide quality affordable housing. Mayoral Chief of Staff Julia Stasch told the group to expect her support in realizing a few of their ideas. "Seeds planted in fertile soil can grow," she told the group. "You are creating those seeds today. I am pledging to help fertilize the soil, and together we can make those seeds grow."

By the end of January, over 150 partici-

By 1960 a cumulative total of 425,000 assisted housing units have been built.

Over the course of the decade, Congress passes Civil Rights legislation (1964, 1968), the War on Poverty incorporates community empowerment into federal urban development policy, Model Cities (1966) coordinates diverse federal programs within areas. Meanwhile, housing advocates begin to retreat from public housing and focus on strategies to incent the market for affordable rental development.

1961 Housing Act: Section 221(d)3 assists affordable housing with federal purchase and interest write downs of private mortgages, but high up front costs make it unpopular in Congress. It is discontinued after 7 years, and only creates about 10,000 units a year

1969 Tax Reform Act: Congress passes tax incentives to supplement subsidy programs in an effort to stimulate enthusiasm among investors

Housing and Urban Development Act of 1968: Johnson's Kaiser Committee recommends the production of 6 million units of housing for low and moderate income Americans (though it also estimates 8.7 million existing units are substandard). These are to be built through mortgage interest write downs again -- both for rental properties (Section 236) and homeownership (Section 235). But this time the write downs are made incrementally over the life of the mortgage. While this modification addresses Congressional concerns, limits on returns also limit the program's popularity among developers.

1960s

1968: Section 104 creates the Special Risk Fund, which modifies conventional FHA underwriting to reach older declining neighborhoods pants had joined in developing 6 viable proposals for new funding streams. They include: a $50 million SMART Fund to meet the need for a large pool of long term equity investment; a state donations tax credit coupled with a matching grant pool; tobacco settlement funds for healthier housing; a property tax valuation guide to help the Assessor make fairer valuations of assisted housing; an increase in the federal Low Income Housing Tax Credit and an increase in the state real estate transfer tax. On January 25th, these proposals were received with support by almost 300 representatives of the Chicago development community. They are each within our grasp if the public and private sectors continue to work together to realize them.

The seeds that became the Public Private Finance Initiative were planted long before CRN mailed the invitations for the August 2nd brainstorm session. Nearly a decade before, in fact, when CRN first commissioned the Nathalie Voorhees Center to document changes in Chicago's affordable housing stock. They found that the buying power of Chicago families had dropped over the previous decade, while rents had doubled. The news reinforced CRN's

PPFI Proposes:

a $50 million SMART Fund to meet the need for a large pool of long term equity investment;

a state donations tax credit coupled with a matching grant pool;

tobacco settlement funds for healthier housing;

a property tax valuation guide to help the Assessor make fairer valuations of assisted housing;

an increase in the federal Low Income Housing Tax Credit;

an increase in the state real estate transfer tax.

Affordable Housing and Community Jobs Campaign in 1993, and convinced the city to invest $750 million in affordable housing over the next five years. Just as important, the city agreed to target that investment toward income groups with the greatest need, and to make public quarterly reports on its progress toward its goals.

Over the next 5 years the city's Department of Housing outperformed its own goals in creating housing for families whose incomes fell between 80% and 120% of the area median income, and, even more impressive, for families whose incomes fell below 15% of the area median. Yet every year it fell short of its goals for the families in between - particularly for those with incomes under 50% of the area median. The income targets, production goals and public reporting allowed the city to identify a gap in financing streams suitable for meeting the needs of the most vulnerable segment of the housing market - the very segment whose growing need is re-documented by a host of studies every year.

Meanwhile, CRN had turned its attention to federal housing policy. Congressional hostility toward HUD meant that the new campaign's efforts

1970: the number of families living in HUD subsidized housing reaches 1 million for the first time

1972: Demolition of Pruitt Igoe public housing draws attention to troubled public housing and coincides with a rash of highly publicized subsidized housing failures cause scandal. While Section 236 foreclosure rate remains relatively modest...

1973: The Nixon administration responds to scandal and failure in assisted housing programs by announcing a moratorium on subsidized housing production

The next year, the 1974 Housing Act replaces urban renewal and many housing and community development programs with the Community Development Block Grant and Section 8, which offers a more extensive operating cost subsidy than the traditional interest cost write downs.

1976: Federal assistance for affordable housing hits high of 561,000 new units

1970s

...Section 235 and FHA insured homes prove particularly vulnerable to abuse of speculators and realtors -- foreclosures skyrocket.

1975-1979: New single family housing starts average 1,226,400 per year

1977: Community Reinvestment Act mandates continuing, affirmative responsibility of banks to meet credit needs of their communities, including low and moderate income neighborhoods, largely focuses on mortgages and housing focused on preserving existing resources, not creating new ones. "We need a billion dollars of new resources," CRN Advocacy Committee Chairwoman Kitty Cole is known to say. Kitty challenged CRN to convene a summit of "policy geeks" to invent a new source of financing for affordable housing. Under her leadership the efforts of CRN and DOH would gradually converge.

The CRN Advocacy Committee was urging the Department of Housing to renew its 5 year commitment, and to convene an advisory group to help. It was a jarring process: an environmental scan forced the advisory group to recognize not just the depth of the housing deficit, but the many factors - from immigration to welfare reform to the reinvention of public housing - that would be working against the city's commitment to fill the gap. In response, the advisory group drafted a list of priorities that clearly articulated the need for rental housing that would be affordable to Chicagoans of very low income in particular. Yet when the city brought out its proposed production goals they did not reflect the priorities laid out just weeks before. The problem was not the will to set priorities, the city argued, it was that adequate tools and resources for reaching those priorities did not exist. Acknowledging this, the final plan included a $150 million "resource

challenge" - the city's challenge to itself to find new money to meet its goals.

Meanwhile, Kitty Cole was still pressing CRN's Advocacy Committee to assemble a think tank to identify new resources for affordable housing. Doing so would build on Chicago's traditional role as a testing ground of innovative approaches to urban redevelopment.

The Illinois Blighted Areas Redevelopment Act of 1947 was conceived by Chicago's business community: it gave localities the sweeping powers to condemn, clear and transfer land at write-down prices to incent private redevelopment. It became the model for the similar urban renewal powers in the federal Housing and Revitalization Act of 1949.

Thirty years later, it was Chicago's neighborhood activists who fought for a regulatory lever to break bank redlining. Their efforts resulted in the Community Reinvestment Act (CRA) in 1977. CRA has brought billions of dollars to disinvested neighborhoods across the nation and it has changed the premises on which bankers do business. This regulatory tool has probably done as much to change the face of the nation's cities as the incentive-based urban renewal laws.

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1985: Number of unsubsidized units affordable to poverty threshold families has fallen by 2.8 million since 1974

1982: Report of the President's Commission on Housing: concludes rent subsidies are more efficient new housing creation programs. The next year the Reagan Administration terminates Section 8 new construction and substantial rehab, and begins movement toward demand side subsidies (tenant vouchers) over new housing creation that continues to this day.

1981: Economic Recovery Tax Act creates the best ever tax incentives for investors in affordable housing.

1986: Tax Reform Act – curtails use of tax losses to shelter other income, including subsidized housing investments, and creates the Low Income Housing Tax Credit instead. Today, the Low Income Housing Tax Credit is the federal government's most significant contribution to low income rental housing, but it only creates about 70,000 units a year, compared to the 100,000 units per year created by project based Section 8 in the late 70s, when HUD was funding over 300,000 new units per year.

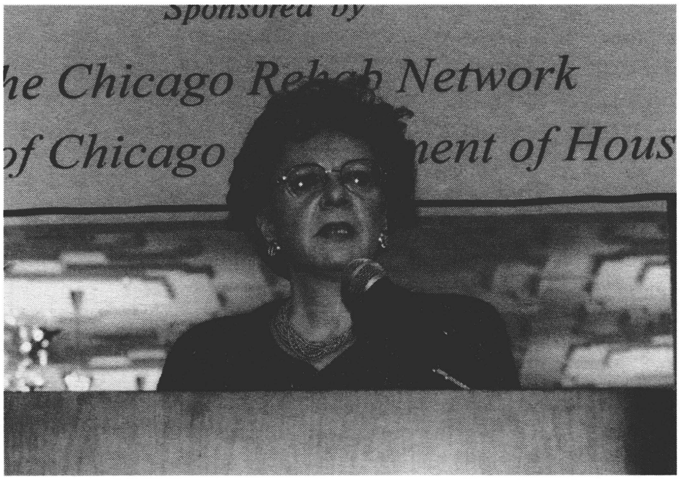
1980s

1980-1984: New single family housing starts average 874,400 per year

1985-1989: New single family housing starts average 1,096,200 per year

Planting Seeds in Fertile Soil

On August 9th, Mayoral Chief of Staff Julia Stasch delivered this address to the affordable housing professionals gathered for the first brainstorm session of the Public Private Finance Initiative at Bank One. Formerly the Chicago Housing Commissioner, Stasch had worked with CRN to plan the renewal of the city's 5 year housing commitment with its $150 million Resource Challenge.



Since I took the job as Chief of Staff, my job description has broadened beyond housing, as you might expect. Rather than diminishing my role in housing policy, this new job has put me in a position to help guide the Mayor's entire agenda of which housing is a central part. The Mayor and I believe that:

Housing is the cornerstone of every block and every neighborhood;

It is central to the quality of life of every citizen; and

It is Chicago's competitive advantage with every other City in the United States.

A strong and broad housing agenda that protects our assets, while developing housing to meet the needs of today's citizens is a priority of this administration.

As Jack Markowski explained to you, today's event was inspired by an audacious commitment to find $150 million in new resources for affordable housing. What were we thinking when we set such a lofty goal? There were four conditions that led us to believe we could achieve this goal:

The right time: The Department of Housing's relationships with its community partners have never been so constructive.

The right people: Our partners have never been so willing to work with the city and the department.

The right place: The city of Chicago - need I say more?

The right thing to do: In the midst of such prosperity and real estate boom, it is immoral to leave people behind.

During the morning you reached the outer limits of what may be possible. My unfortunate job today is to insert reality into this exercise. The purpose of brainstorming is to put aside the constraints of reality and reach the depths of creativity. The role of policy making is to bridge the chasm between what is ideal and what is possible.

This afternoon, I want to reflect on lessons learned from policy and decision making in the field of affordable housing finance. Using the example of the Low Income Housing Tax Credit, I would like to explore the process of bridging the ideal with what is politically possible. If you've worked in government, and many of you have, or observed democracy in action, I think you will agree that there is no manual for coming up with a good idea and

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1990: National Affordable Housing Act creates HOME program to support local housing strategies, including homeownership and rental housing preservation, with an emphasis on fostering partnerships between governments and community based organizations.

1993: HOPE VI offers grants and new regulatory flexibility for the replacement of distressed public housing with mixed income communities. Between 1993 and 1998, about 30,000 public housing units are built; 45,000 units are demolished.

CDCs have emerged as leading developers of subsidized low income housing, funded at first primarily by foundations and corporations, later, under Bush and Clinton, by government. They now produce about 30-40,000 units annually.

1990s

1990-1994: single family housing starts average 1,017,800 per year

1995-1998: single family housing starts average 1,160,500 per year

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By the mid-80s, business and community activists came together to invent the Low Income Housing Tax Credit, another incentive based program to spur private development which is now the major federal tool available for creating new affordable housing.

The Woods Fund added its support to CRN's new resource initiative in late 1998, after the Chicago City Council passed the city's renewed 5-year plan, with its $150 million resource challenge. CRN contracted with David Wilhelm and his public affairs consulting firm to help engineer the process. DOH invited CRN to take the lead on the commitment to build more public private resources that had been written in to the renewed 5 year plan. A summer of discussions about the scope, goals and ownership of the process culminated in the inaugural meeting at the top of the Bank One building on August 2nd.

At that event, the group generated dozens of ideas. CRN and its partners selected 5 promising areas from an analysis of the ideas - and as more and more members of Chicago's affordable housing community came to the process, they joined working groups to investigate opportunities in private capital, tax solutions, state resources, balanced development and employer assisted housing. On December 7th, the working groups brought their most promising ideas to the table for the input of their peers. Then it was back to work over the holidays to refine the proposals for their presentation to the public January 25th.

Copies of the full proposals are available from the CRN office at 312/ 663-3936. For more information on how you can participate in the Public Private Finance Initiative, ask for Policy Director Joyce Probst.

In the year 2000, you can help us bring these proposals to fruition. The following are sample letters in support of 3 of the PPFI proposals. Use these samples on your letter-head to register your support with your representatives in government.

Raising the Low Income Housing Tax Credit
Sample Letter to Congressional Representatives

We urge you to cosponsor legislation currently before Congress that would increase the volume cap on the Low Income Housing Tax Credit by 40% and index it to inflation going forward. This increase is proposed by H.R. 175, sponsored by Reps. Nancy Johnson (R-CT) and Charles Rangel (D-NY), and by S. 1017, sponsored by Sens. Connie Mack (R-FL) and Bob Graham (D-FL).

The Housing Credit is this nation's primary tool for building affordable rental housing. Created by Congress in 1986 and made permanent in 1993, it has produced approximately 1 million safe, decent and affordable homes for the working poor as well as the elderly, the formerly homeless and other special need populations. The Housing Credit has also been a cornerstone in the revitalization of low-income communities and contributes to economic growth, generating approximately 60,000 jobs, $1.8 billion in wages and $650 million in federal taxes annually.

Every year, states receive $1.25 per capita in Housing Credit authority. Since 1986, however, inflation has eroded over 40% of the Housing Credit's purchasing power. As a result, it produces fewer and fewer homes each year. At the same time, the demand for Housing Credit continues to rise. Currently, the demand for Housing Credit outstrips supply by 3 to 1 nationally and by as much as 5 to 1 in some states. There are also new uses of Housing Credits such as in the redevelopment of public housing. Thus, the demand for Housing Credits is expected to rise further while the supply remains fixed.

The Housing Credit enjoys broad bipartisan support. Last year, 299 House members and 67 Senators including majorities of both the House Ways and Means and Senate Finance Committees cosponsored similar Housing Credit legislation. With your help, we will attain even greater support for increasing the Housing Credit volume cap this year and make its passage a reality.

As local housing organizations, we know that the Low Income Housing Tax Credit provides a market driven solution to the severe shortage of affordable housing nationwide. It also encourages new collaborations among corporate investors, community organizations, builders, state and local governments, and lenders. These results can only be sustained if the Housing Credit is protected from inflation.

On behalf of the millions of Americans without affordable homes, please support increasing the volume cap on the Low Income Housing Tax Credit this year.

Reducing the Assessment Level of Rental Properties
Sample Letter to Cook County Board President John Stroger
cc: your Cook County Board Representative

John H. Stroger, Jr.
President
Cook County Board of Commissioners
118 N. Clark
Chicago, IL 60602

We are writing to ask your support for Cook County Assessor Houlihan's recommendation that the Cook County Board reduce the assessment level on Class 3 multi-family properties from 33% to 26% in the year 2002. This proposal was developed in collaboration with dozens of civic groups in the Assessor's Tax Policy Forum.

It is particularly relevant since the recent rental market analysis released by the UIC and the Metropolitan Planning Council last year revealed the vacancy rate for the Chicago Metropolitan Area to be under 4.2% — an extremely tight rental market. The current assessment level on multi-family properties discourages badly needed new multi-family development. The reduction of this rate will be the catalyst for much needed new development of rental units throughout Cook County.

The Proposed State Donations Tax Credit
Sample Letter to State Representatives

Senator James "Pate" Philip
President of the Senate
327 Capitol Building
Springfield, IL 62706

Representative Michael J. Madigan
Speaker of the House
300 Capitol Building
Springfield, IL 62706

I am writing to ask your support for the proposed Illinois State Donations Tax Credit (SB1676/HB3492). This is an innovative proposal to leverage the resources of the private marketplace to meet the serious affordable housing shortage that afflicts so many areas of the state. The Act would create a Donations Tax Credit of fifty cents on the dollar for private donations to non profit organizations that are engaged in the rehabilitation or construction of homes for families earning below 60% of the area median income. It would also create a Live Near Work grant program for employer assisted housing that matches dollar for dollar money invested by corporations in successful housing solutions.

Illinois, like much of the nation, has been experiencing a persistent gap in affordable housing - it is a crisis that most affects the working poor. If it goes unchecked it will undermine Illinois' growing economy, as our housing stock is increasingly inadequate to house the new workforce necessary to support the state's continued expansion.

The tax credit program is modeled after the successful Missouri Affordable Housing Tax Credit Program, and similar models are in use in several other states as well. Please support SB 1676/HB 3492 to create a tool to leverage limited public money to create partnerships with business to meet our state's need for affordable housing.

Ongoing Issues

Stabilization Questions

Dear Kevin:

Thanks for sending me a copy of the Network Builder article on PRIDE. The article reinforces the challenges that CDCs face with developing and managing affordable rental housing in low income communities, especially communities faced with a series of other economic and social conditions. Mary Nelson is correct that for profit developers have more options and choices in terms of where they develop housing.

This point underscores the importance of CDCs making effective strategic decisions to ensure that they have adequate reserves, financing, and program supports. My research on Eastside Community Investments (EIC) showed that Dennis West, the former President of ECI, did inform the board of the financial conditions of the organization, during the period that ECI was experiencing several financial problems. The problem was that the board did not ask the right questions or have the insight and experience to advise ECI to make a different series of decisions. Carol Steinbach and I have written on the importance of strategic decision making in our recent article in The Neighbor Works Journal. We use the example of ECI's Shelter Systems as what not to do. We argue that effective strategic decision making can be achieved by:

* Assessing and managing the risk of the proposed activity;

* Considering all other options, including unconventional ones, before proceeding;

* And having sufficient organizational resources (staffing, capacity, finance) to succeed.

As we have all learned, development and management require different competencies. It is essential for a CDC board to have the know-how to assist the executive director and bring sophistication to the policy decisions and monitoring of the corporation. A weak board is an Achilles heel for many CDCs. This is not to argue for more professional boards with fewer community representatives. The key to a strong board is the critical thinking skills of its members, whoever they may be. Executive directors depend on their boards to question, probe and challenge them to make the right decisions for the long term success of the organization. In fact, community residents bring insight to a board that cannot be gained elsewhere. Project decisions benefit from the involvement of different stakeholders who bring their knowledge and commitment to the project.

Another vital issue is organizational alignment with goals and projects. Is there adequate capacity or does vision always outstrip capacity? Many CDCs do not have sufficient management skills to manage the number of units that PRIDE has. A number of CDCs are shifting from place-based development skills to human investment programs in social services, workforce development, and property management. In the push to become comprehensive, CDCs need to carefully assess their capacity and expand programs in a measured way. Different staffing is needed along with management and information systems that track outcomes, performance and project status. A cornerstone for any CDC is strong financial data systems to provide monthly operating reports on activities and affiliates including payroll data, consolidated financial statements and yearly audits. Again, the ECI experience is illustrative, since ECI was often three to four months late in generating financial statements. They did not realize that they had lost several hundred thousands of dollars in Shelter Systems.

Most CDC organizational structures tend to be quite vertical with the executive director and several staff and maybe one or two board members making most of the decisions. This may have worked well when the CDC was a small organization with an entrepreneurial founding-director, developing a few real estate projects. CDCs need to become more horizontal organizations at the staff level and at the board level, especially in terms of providing direction from key community stakeholders including tenants, small businesses, human service organizations, other volunteer organizations, and the faith based community. There was an excellent quote on page 13 of the PRIDE article stating that "real stabilization must enlist tenants and the larger community to address the gangs, vandalism and violence that have proven capable of undoing development in the first place."

We need to recognize that the community environments are different than they were when a lot of the housing was developed, and this has serious implications for the sustainability for both the housing development and the CDC. New Community Corporation (NCC) located in Newark's Central Ward developed and acquired over 2500 units between 1975 and 1983. The community had more social stability then with less violence, drug abuses, and family breakup. NCC watched the housing stock decline in terms of maintenance and safety, and has increased efforts in organizing the residents to require more accountability from their neighbors and the city. NCC has always provided social services within these units, but has added workforce development activities and other services geared towards enhancing the self sufficiency of the residents which was eroded over time. While NCC has enormous resources and performs all their own services, other CDCs contract with property management firms, and other human service organizations to ensure that residents receive quality services that will enable them to be better tenants and neighbors.

To succeed over the long term, community development will require the commitment and involvement of major stakeholders and sustainable organizations with vision and capacity. Community and external stakeholders are needed as demonstrated by Twin Cities Interagency Stabilization Group (ISG) and the Property Stabilization Fund (PSF) in Chicago. There were no such entities in Indianapolis, and New Community Corporation (NCC) has created their own external network with leading corporate and private supporters, the New Community Foundation. It is the knowledge and resources of the stakeholders who will determine the long term viability of CDCs to develop affordable housing and help build stronger communities.

More discussion needs to be held among CDCs and their stakeholders. Articles like the Network Builder's article on PRIDE are valuable sources of information for CDCs in Chicago and throughout the country, and PRIDE's initiative should be recognized. I welcome the opportunities to further share research and ideas on CDC sustainability with the Chicago Rehab Network and other CDCs. Keep up the good work!

Sincerely,
Robert O. Zdenek, DPA

Bob Zdenek is President of United Way of Somerset County and serves on numerous national, state, and local boards. He writes frequently about community development and building the capacity of CDCs.

Public Housing Update

On January 6th, 2000, Chicago Housing Authority presented its final plan for "The Transformation of Public Housing" to HUD; on February 4th, HUD agreed to most of CHA's requests, including a guaranty of funding for the next ten years and the ability of CHA to borrow against those funds. The CHA now has all the tools that they requested to make this ambitious plan a reality.

The Chicago Rehab Network and its members actively considered the implications of The Transformation Plan in a series of roundtables in the months before CHA submitted it to HUD. At that time, we made a number of constructive recommendations, and expressed a number of strong concerns. Those concerns still stand. Broadly stated, we remain concerned that enough replacement units be developed and that all families displaced by the redevelopment process find housing. We remain concerned about where they will find it, and whether they will receive adequate support services to ensure they succeed in their new homes. We remain concerned about the role that CDCs will play in housing displaced public housing residents and helping them make successful transitions. And we remain concerned that the redevelopment process be carried out with real oversight and public accountability. We believe that to succeed, the redevelopment of public housing must be a transparent process, and that it must be built on an understanding of public housing residents.

CHA has the plan it wanted. Now for the real test: making it work.

Stasch, continued from page 11

getting it done. Or if there is one I haven't discovered it. And if anyone has, please let me know.

While I haven't found the manual yet, my experience teaches me that there are several fundamental truths to identifying problems, introducing policies, and surviving the politics.

First, ideas can come from anywhere, so don't dismiss the messenger. Second, ideas take shape through a complex combination of factors, and most of all, they need fertile soil. Says Kingdon, "The critical thing to remember is not where the seed comes from but what makes the soil fertile." Third, unveiling a comprehensive agenda is a good strategy to inspire commitment, but change happens in small steps. Fourth, the success of any idea is fully dependent on having an enthusiastic and skilled policy entrepreneur who will see it through a crack in the policy window.

Now, as I promised, let's apply these observations to our case, the Low Income Housing Tax Credit. For those of you who might not be familiar with this tax credit, let me briefly review what it is:

The Low Income Housing Tax Credit is allocated to housing finance agencies by the federal government. Both Chicago and the state of Illinois receive an allocation, which is based on our population. Chicago is given an allocation of $3.5 million in tax credits. The Department of Housing receives and reviews applications for the tax credit from both non profit and for profit developers. We review them against affordable housing criteria derived from our priorities.

Once tax credits are awarded to a project, the developer sells them in a secondary market. The tax credits are purchased by corporations that can apply then against their tax liability. This creates necessary equity for affordable housing projects.

Now, observation number one: Ideas can come from anywhere. In 1984, the Low Income Housing Tax Credit did not exist by name nor by policy. Chicago was experiencing a housing crisis of significant proportions. The Department of Housing had been created just four years before. Faced with a problem, a group of banks, CDCs and housing advocates came together to try to define it and address it.

The Reagan administration cut federal funding for affordable housing by 84%, from $33 billion in 1979 to less than $10 billion in 1981. While real estate developers were getting rich off the lakefront housing boom in the late 1970s and early 1980s, housing in the neighborhoods was being abandoned and demolished. While banks, pushed by CRA, were creating loan pools, the funds were difficult to access. Too little equity created high debt ratios on projects, which caused these deals to fall through even the most generous credit screens.

The Housing Abatement Task Force, led by Andy Ditton and Harry Gottlieb, came up with the idea to use the tax code to generate equity from corporate resources. To start the ball rolling, Andy and Harry approached the leadership of Chicago United and within six week raised $3 million. Out of this idea was born the Chicago Equity Fund.

While the federal government was cutting back on outlays, stakeholders in the cities were devising creative ways to raise new equity.

Ideas can come from anywhere, but a seed needs fertile soil.

Two years later, in 1986, the Congress reformed the Tax Code. While the Tax Reform Act of 1986 eliminated almost all of the real estate tax benefits and deductions and cost developers a lot of money, Congress made one exception. With the help of Senators Mitchell and Danforth and Ways and Means Committee members Rangel and Rostenkowski, the Low Income Housing Tax Credit was born. The credit was based on the Chicago model and allowed corporations to invest in affordable housing projects in return for an absolute tax credit on their investment. The credit was

approved for three years.

The Local Initiative Support Corporation created the National Equity Fund, which acted as a syndicator for these affordable housing deals. They raised funds from corporate investments which turned into equity for low income housing across the nation.

A seed needs fertile soil, but change comes in small steps.

By 1989, the tax credit was set to expire. NEF had raised nearly $200 million dollars over the past three years. The tax credit would either be renewed or it would expire. There was bi-partisan support on the Ways and Means committee for the extension. But Bush was not interested. The credit interfered with his Capital Gains Tax Cut.

With the help of grassroots organizations and the media attention, an extension of one year was granted.

In 1990 and 1991, the cycle repeated itself. In 1990, Congress approved a one year's extension. In 1991, only a nine month tax credit allocation. By 1992, with pressure mounting, it looked like the tax credit would be permanent.

Change comes in small steps, and a good idea needs an entrepreneur to push it through the policy window.

A number of factors made 1992 fertile soil for a permanent tax credit. Not the least of which was the commitment of Mayor Daley, who put pressure on Dan Rostenkowski. The combination of Mayor Daley's persistence, Dan Rostenkowski's position on the Ways and Means committee, Clinton's election, and Republican support for the tax credit make it politically possible to push for a permanent tax credit.

In 1993, Dan Rostenkowksi's last act in Congress was to pass a permanent Low Income Housing Tax Credit in the omnibus tax bill.

In 1999, there are new entrepreneurs pushing through an expanded tax credit that will lend more equity to affordable housing.

An idea born by Chicagoans and made possible by Chicagoans. This is a proud history to uphold.

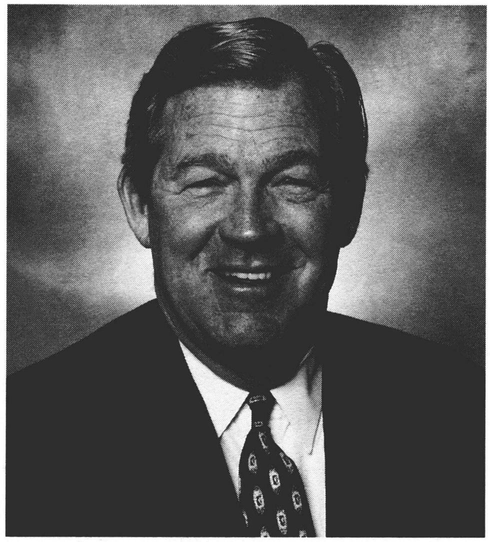
My purpose in recounting the origins of the Low Income Housing Tax Credit is to demonstrate that seeds planted in fertile soil can grow.

You are creating those seeds today. I am pledging to help fertilize the soil, and together, we can make those seeds grow.

I look forward to the outcome of your work. Most of all, I look forward to the new resources your ideas will help to generate. On behalf of the Mayor and the city, thank you for dedicating yourselves to this work. I eagerly await the opportunity to push a few of these ideas through a crack in the policy window. ●

Tax Policy Forum - Year 2000 Plan

By Cook County Assessor James M. Houlihan



The issue of property taxes continues to be a serious problem in Illinois. Local units of government are reliant upon property taxes as the primary source of revenue, which requires homeowners and businesses to take on an increasingly higher property tax burden. Despite a constitutional convention requirement for the state to fund 50% of public education and a 1998 Governor's Task Force recommendation for a comprehensive restructuring of the tax system, few changes have been made to bring relief to property taxpayers.

In Cook County, the property tax issue is even more acute. A classification system that assesses different types of property at varying levels works to limit business and industrial growth. As businesses emigrate to neighboring counties to seek relief, the additional tax burden falls to the remaining businesses and homeowners. Communities that once boasted a thriving tax base are scarred with vacant land and forced to levy double-digit tax rates just to provide basic public services.

Since I became Cook County Assessor in 1998, my first priority has been to address the serious problems related to Cook County's property tax system. To this end and with the help of organizations like The Civic Federation, the Metropolitan Planning Council, the Suburban Mayors Action Coalition and the Taxpayers' Federation of Illinois, we formed the Tax Policy Forum. The main objective of the Forum was to invite different (sometimes-opposing) groups to come together in order to examine property tax policy and submit recommendations to improve the system.

Reducing the assessment level of Class 3 property should be a catalyst for much needed new development of new rental units throughout Cook County.

Nearly 300 members joined the Forum and began their work in the summer of 1998. Three work groups were formed - Fairness and Neutrality (to examine the classification system); Efficiency and Simplicity (to review several administrative issues); and the Economic Growth and Neighborhood Stability (to discuss the impact on local communities). The work groups met over a six-month period and presented their findings and recommendations in December 1998.

The Forum released numerous recommendations, which included sweeping changes to the classification system, enhanced participation and notification of homeowners, improved housing opportunities and retention of business and industry in Cook County.

Upon receipt of the report, my staff carefully analyzed each proposal last year. A number of recommendations were implemented on an administrative level. The office redesigned the standard Notice of Assessed Valuation that is mailed to each homeowner. The new notice is more "reader-friendly" and for the first time included an appeal form in order to ease the beginning of the assessment appeals process. The office also improved the Assessor's Office Website, which provides instantaneous property assessments and general information to taxpayers.

Some of the policy proposals required legislative action on the state level. In March 1999, I submitted a legislative agenda for consideration. Governor Ryan signed four bills into law, including:

* HB 1778, which allows for the review and revisions of the "green sheets";
* HB 1987, which excludes low income housing tax credits from the definition of real property;
* SB 35, which expedites the Certificate of Error process;
* SB 376, which creates a Citizen's Awareness Week.

In December 1999, the Cook County Board renewed many property tax incentives designed to revitalize abandoned property and brownfields. These incentives were scheduled to sunset at the end of 1999 and we are appreciative of the Board's support to reinstate these much-needed tools of economic growth.

While these changes are significant, they represent only the first step on a long road to progress. More must be done to enhance housing and economic opportunities across Cook County.

This month, the Cook County Board will consider classification changes my staff and I have proposed in response to the Forum. The "Year 2000 Plan" seeks to increase the availability of rental and low-income housing units, expand economic growth and preserve the character of our neighborhoods. At the same time, we must not shift the burden onto already beleaguered homeowners or jeopardize the adequate funding of local government.

The Year 2000 Plan seeks to:

Reduce the assessment level on industrial property (5b) from 36% to 33%. This change would help stem the loss of industry in Cook County, which has been especially detrimental to south suburban communities.

Reduce the assessment level on multi-use properties from 33% to 16%. Properties under this category include the "Mom and Pop" storefronts with apartments on the second level. These establishments are the backbone of many communities and should be preserved.

Reduce the assessment level on Class 3 multi-family from 33% to 26% in the year 2002. A recent study completed by the Metropolitan Planning Council found that vacant rates in the Chicago area are less than 6%, which categorizes the market as "very tight." This reduction should be a catalyst for much-needed new development of rental units throughout Cook County.

Adjust Class 9 Affordable Housing requirements. To qualify for the Class 9 level, a rental building must offer at least 50% of all units at affordable rents. This has been an obstacle to profitability and thereby reduced availability. Lowering that qualifying percentage to 35% should increase the number of low-income units.

Ease the process for Class L Landmark properties. This should encourage the preservation and rehabilitation of landmark properties.

Form the South Suburban Tax Reactivation Program. No area of Cook County is suffering more due to the consequences of the classification system than the south suburbs. Nearly 75% of all vacant parcels in Cook County are located in just five southern townships. Tax rates in communities such as Chicago Heights are 20%, forcing businesses and homeowners to leave.

A tax reactivation program would permit south suburban communities to gather their resources in an effort to acquire, market and develop abandoned properties. This pilot program would be initially underwritten by a $5 million grant from the "Illinois First" funds. The goal of this program is to put delinquent parcels back on the tax rolls, expand the area's tax base and bring more jobs to those communities.

The Year 2000 Plan is another positive step in the right direction; it does not represent the conclusion of the Tax Policy Forum's work or the fulfillment of my commitment to address property tax issues. Quite to the contrary, the Year 2000 Plan is indicative of my office's ongoing dedication to pursue needed improvements.

For more information about this plan, please call the Tax Policy Forum office at 312-346-2102. If you are supportive of this proposal, please call or write your County Board Commissioner to voice your opinion. We need your support to ensure the plan's success on behalf of all Cook County property taxpayers. ●

The Urban Developers Program: A Success Story

There is no typical student of the Urban Developers Program, but Karen Davis of the Springfield Urban League CDC may be more atypical than most, if only because of the 3 hour commute she made two nights a week in order to be there. She says it was worth the trip. Davis was a banker for 15 years, she's been a mortgage broker, underwriter and the state CRA officer, so she knew the ins and outs of real estate. But working as the executive director of a CDC brought new challenges, and the training and network of contacts she got at the Urban Developers Program have helped her meet them.

The Urban Developers Program (UDP) is a one year certificate program designed to build the capacity of community development practitioners. Originally developed by the Chicago Rehab Network and offered by Spertus College, the program is now offered in partnership with the University of Illinois at Chicago. Students who enter the program with a bachelor's degree may apply for course credit from the program towards the requirements of a Master's of Urban Planning and Policy degree at UIC.

UDP combines training in nonprofit community based development with management and leadership skills, including courses in housing and community development policy, non profit financial management, development finance, the development process, property and asset management and resident issues. Just as important, courses are team taught by academics and practitioners with years of experience in their field. Davis continues to tap the expertise of the network of instructors, guest speakers and fellow students to build the development capacity of the Springfield Urban League CDC, but also to understand the way community development resources are being used to advocate for new ones.

Seven years ago, the Springfield Urban League issued a study of the disparities between black and white communities called "Achieving a Dream." The study identified housing as one of the major needs of the black community; the Springfield Urban League decided to form a community development corporation in 1994. For the first two years the board laid the groundwork and did strategic planning. When Davis was hired in 1996, she took the post of director and jumpstarted a program of single family development reinforced with homebuyer counseling and a job training program to place people in the construction trades. Furthermore, since 1996, the Springfield Urban League CDC has developed 20 homes, 14 people have realized homeownership, and 30 people have gone through the training program. The Springfield Urban League ranks among the largest in the nation, and being nested in it means the CDC can link homebuyers and trainees into the network of urban league social service programs that reinforce their success.

Five of those units were part of Davis' thesis project for the Urban Developers Program. The thesis project is a unique feature of the Urban Developers Program: each student takes up a housing development project for his or her organization and effectively brings the project to class, moving it toward realization through the process of the program. Karen's thesis was the new construction of 5 single family homes, built on vacant lots in Springfield's Empowerment Zone, and affordable to families earning 50% of the area median income. Davis says one of the most important lessons she learned at the Urban Developers Program is to make sure the real needs of your community are driving development.

Davis brought that message to the Urban League's national conference in Atlanta last year. There are 114,000 Urban League affiliates, Davis explains, but only 17 of them do housing. At the Atlanta conference, Davis participated on a panel to encourage more affiliates to take on housing development. Davis used the opportunity to tell the group "Don't let the money drive your development, respond to the need in your community, and be realistic about what you can do."

That theme had been stressed by instructors in the classroom, but also by her classmates in the program, who brought the real challenges their organizations faced in developing and maintaining their projects to every class discussion.

The network of practitioners Davis met through the Urban Developers Program continue to inform her efforts to build her own organization. She invited Pat Wright, Director of the Nathalie Voorhees Center at UIC and a UDP instructor, to lead a retreat for the Springfield CDC's board. "That retreat turned out to be a great opportunity for old board members to pass the history of the organization on to new members," Davis recalls.

Meanwhile, lessons Davis learned about sources of financing streams cities use to encourage development caused Davis to ask about how Springfield was using its Tax Increment Finance districts and

Community Development Block Grants. She was particularly interested in what she learned about Chicago's Tax Reactivation Program, which the city of Chicago uses to acquire tax delinquent buildings for developers who will put them back on the tax roles as decent affordable housing. Davis consulted with Erica Pascal, another UDP instructor who was involved in the creation of Chicago's Tax Reactivation Program, to assist her with talks with the Springfield city officials and the state's attorney's office to see if a similar program could be put to use in redeveloping Springfield.

As Davis continues to find new ways to put her Urban Developers Program training to good use, the program is taking applications for the next class. For more information or for an application, contact Ken Oliver at the 312/663-3936.

Urban Development Program Applications Available Now.

call Ken Oliver at 312/663-3936

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