



News from the Chicago Rehab Network

30 years of Community Empowerment and Development without Displacement

November 2008

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Important Deadlines Approaching Quickly

Public Comments Are Needed Now for Draft Action Plans For HUD's Neighborhood Stabilization Program Funds

The **State of Illinois, City of Chicago, and Cook County** have released their draft plans on how to use dollars from HUD's **Neighborhood Stabilization Program** to address vacant and foreclosed properties.

We encourage all to use the public comment process to propose your ideas, interests, concerns, and expertise as participating entities or interested partners to all levels of government.

Click [here](#) to learn about program guidance and support documents from HUD.

**State of Illinois
Public Comment Due Date: Friday,
November 21, 5:00 pm**

Send comments to:
Grace Hou, Assistant Secretary for Programs
Illinois Dept. of Human Services
401 South Clinton Street, Chicago, IL 60607
Email: dhs.illinoisNSP@illinois.gov
[Download Draft](#)

**City of Chicago
Public Comment Due Date: Saturday,
November 22, by 11:59 pm**

Send comments to:
Katie Ludwig
Department of Housing
33 North LaSalle St, 2nd Fl., Chicago, IL 60602
Fax: 312-742-1313 Email: katie.ludwig@cityofchicago.org
[Download Draft](#)

**Cook County
Public Comment Due Date: Monday,
November 24, by 5:00 pm**

• The Current Economic Environment and our Neighborhoods

By Joy Aruguete

Executive Director
Bickerdike Redevelopment Corporation

America's current housing and economic crisis has created a chain of disaster for the world's economy and has profoundly impacted the housing climate in Chicago and in our communities. We see evidence of this on street after street in Humboldt Park, Logan Square, West Town and Hermosa: boarded up homes next to stalled condominium conversions, families being evicted from apartments as the buildings are going to auction. Before the economic bust, our neighborhoods were facing intense gentrification pressures with rising housing sales and rental prices, and skyrocketing property taxes. 2008 marked a profound change in our housing market and economy which has thrust not only our neighborhoods, but the entire world into a true crisis.

Exploding interest rates on adjustable rate mortgages, irresponsible lending practices in the mortgage market fueled by a lack of federal regulation, combined with an increase in property taxes has contributed to disastrous outcomes. Our city and nation are overrun with widespread mortgage defaults, and millions of renters and homeowners losing their homes due to foreclosure.

Foreclosure rates continue to climb with an estimated 1 million homes in foreclosure this year alone. Chicago experienced a higher than national average number of foreclosures, with filings increasing 85% between 2005 and 2007 and with an estimated 1.64% of Chicago homes in foreclosure in 2007 alone. Approximately [35% of Chicago foreclosures are in 2-6 unit multifamily buildings](#), forcing many unsuspecting renters from their homes. Humboldt Park has been one of the communities hardest hit particularly when it comes to foreclosures of multi-unit buildings. According to the [Woodstock Institute](#), over 50% of foreclosures in Humboldt Park have involved buildings with two to six units. In addition, Latino and African American families are most affected, with Latinos twice as likely as white residents, and African Americans three times as likely to be impacted by ballooning mortgage payments.

In 2008, the banking industry reached near collapse and there have been deep, penetrating negative ripple effects impacting our entire economy and the world. Credit markets have come to a near halt, despite the world's biggest financial bailout by the federal government. Multi-level bailouts in 2008 have amounted to over \$1.1 trillion dollars (\$30 billion-Bear Stearns, \$85 billion, raised to \$150 billion-AIG, \$200 billion-Fannie Mae and Freddie Mac, \$700 billion on distressed mortgage related assets to banking industry, and estimated \$25 billion on foreclosure prevention and neighborhood stabilization). And, additional bailouts are still under discussion. In 2008 the U.S. deficit was \$455 billion for the year, bringing the U.S. national debt to over \$10.5 trillion. Credit channels have been constricted, making it near impossible for individuals, and large and small businesses to access mortgage lending and crucial funds for their operations.

The ripple effects of the financial crises are huge. In 2008, unemployment hit a 14 year high with a jobless rate of 6.5% (7% in the Chicago area) representing 10.1 million workers unemployed. Job losses in the first 10 months of 2008 alone reached 1.2 million in the U.S. Corporate profits have continued to decline and layoffs are increasing. Consumer debt has reached staggering levels, with people owing double the amount on average than they did a decade ago. And, personal savings has been in alarming decline, decreasing over the past 2 decades from people saving about 10% of their disposable income on average to a negative savings rate in 2005 (meaning that not only is there no saving but people are spending their

Send comments to:

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 69 West Washington Street, 2900, Chicago,
 IL 60602-3007
 Email: gmullons@cookcountygov.com
[Download Draft](#)

Tools and Resources

- [Our Website](#)
- [2008 Policy Platform: Policies for An Affordable City](#)
- [City Policy Reports and Fact Sheets](#)
- [E-Newsletter Archive](#)
- [Network News Print Newsletter Archive](#)

savings), the first time since the Great Depression. Increasing consumer debt, declining savings, and high unemployment have led to increasing bad personal credit, making it more difficult to participate in our economy.

Real income has been declining, with median incomes dropping, and African Americans and Latinos have fared the worst with drops in median income over a six year period at 8% and 2.7% respectively. Meanwhile, prices of consumer goods and services have continued to climb. Home heating and electricity costs are up. Food prices have skyrocketed and the rate of inflation continues to creep up.

At the same time, Chicago and Bickerdike's communities are facing a shortage of quality, affordable rental units-as demand is increasing. The shortage has driven current rental costs up, making it difficult for people to find affordable housing units. A [2007 report](#) by DePaul University and the Urban Land Institute projects that Cook County will have a shortage of 185,000 affordable rental units by the year 2020.

Each year, Bickerdike receives thousands of calls from low and moderate-income residents seeking housing assistance, as circumstances have made it difficult to stay living where they are. Yet, the development and operation of affordable rental housing have become extremely challenging in the context of the economic and foreclosure crisis.

On the development side, the steep drop in tax credit equity market pricing has left gaps in funding and has slowed or even halted many projects under development. It has become difficult to acquire loans of all types due to a tightening of credit on mortgages, credit cards, auto loans, and student loans. Sales of single-family housing, including affordable single-family homes, have come to a near standstill as borrowers cannot secure mortgages. Recently vibrant construction and development markets have come to a screeching halt, and unsold housing with more units coming on line are in competition with the overabundance of foreclosed properties on the market.

On the operating side for affordable rental housing, as government agencies have tightened resources, they have turned their attention to ensuring dollars are well spent through stepped up monitoring, regulatory compliance and physical inspections. Maintenance priorities are redirected by inspections-often having little to do with safe, decent and sanitary issues-and away from the priorities of residents who live in the properties. Operating costs of multifamily buildings continue to skyrocket as utilities, property taxes, insurance and maintenance costs go up, forcing owners to either raise rents, sell buildings or operate at a loss, which is unsustainable.

The bleak national and personal economic situation is overwhelming. The analysis of how we got here is complex and should be discussed and understood as we look for solutions to emerge from this crisis. As our new national leadership works to address the deep crisis we face today, there will be opportunities to work in partnership at the neighborhood and broader levels to define solutions that bring about positive change.

Through our multifaceted approach to community development, Bickerdike will continue to address the housing and economic priorities in our communities head on. With 41 years of experience in good and trying times, we will use our organizational strength and community roots to continue solid strategies for the development and preservation of quality affordable housing and jobs. And, we will continue the proactive coordination and implementation of broader community based strategies for the improvement of our neighborhoods and the improved quality of life for the residents who live there.

- **[Rally Calls Attention to Island of Affordability](#)**

Rachel Johnston rachel@chicagorehab.org
Chicago Rehab Network <http://www.chicagorehab.org>



Residents of Lathrop Homes marched on October 23rd to call attention to hundreds of vacant units that remain at Lathrop, a "terrible waste" according to its residents especially as foreclosures and unemployment in Chicago increase at alarming levels.

It has been ten years now since the launch the Plan and residents are still waiting for CHA's plans for Lathrop. In 2006, the [CHA announced](#) that, citing a lack of funds and increasing costs, the Plan's completion date will be pushed back from 2010 to 2015. In July 2008, a [Chicago Tribune report](#) found that 9 years into the Plan, only 30 percent of the redevelopment goals of the Plan has been finished. With the current state of the housing and credit markets, any immediate progress towards completion in that time period seems increasingly unlikely.

Even in the face of this uncertainty, Lathrop residents are determined to stay in their homes. Six hundred out of more than 900 units currently sit vacant in Lathrop. The Lathrop Leadership Team, a coalition of residents and leaders and organizers of the rally, want 300 of the vacant units leased and see this as a positive step towards the revitalization of Lathrop. CHA has no plans to occupy the vacant units and still holds that the mixed income model, the central tenet of its plan, will likely be incorporated at Lathrop.

The mixed-income issue is particularly salient when it comes to Lathrop. As the only public housing for families in the north side, it is truly an island of affordability in an area that has rapidly gentrified in the last few years. Implementing mixed-income housing--equal thirds of market-rate, affordable, and public housing units--will only diminish the affordable housing stock where it is most needed.

Additionally, allowing hundreds of units to remain vacant seems incongruous given the thousands of families on waiting lists. The enormous need for affordable housing was evident in April 2008 when CHA opened the Section 8 voucher waiting list through a lottery to fill 40,000 spots. By the end of the day, [more than 250,000 applications](#) for just the lottery itself had been taken.

The demolition of thousands of public housing units without a one-for-one replacement policy as well as the blanket application of the mixed-income model removes the opportunity for many low-income families to access affordable housing. Vouchers alone are clearly insufficient and cannot serve as replacements for actual units.

The [Center on Budget and Policy Priorities](#) recently released a [report](#) examining the state of the nation's public housing. The report reveals that despite the historical baggage of public housing, a decade of federal policy changes has improved public housing in certain ways. Namely, that public perception has improved and a larger number of public housing residents are working. But the chronic underfunding of HUD threatens to overshadow any meaningful progress towards improving public housing and the burden is placed squarely on the shoulders of low-income families and communities.

For now, Lathrop residents hold steadfast to their community and hope that Lathrop is revitalized for the long term rather than demolished. The hope is that Lathrop will provide affordable homes for many more families in decades to come.

Photo credits: Frank Pinc, The Chicago Journal

For more information:

- [Logan Square Neighborhood Association](#)
- [CRN Comments on CHA FY2008 Plan and Lathrop Statement](#)

The July, August, and September foreclosure reports are now available. Visit CRN's [Foreclosure](#) page for more information.

CRN has also released its Citywide Fact Sheet using data from the most recent **American Community Survey** conducted by the U.S. Census Bureau. Of particular note is the incredible change in rents and mortgages that occurred in the last seven years while household income levels have decreased and housing cost burdens increased. Download the fact sheet [here](#) and contact CRN for any questions.

- **Centre on Housing Rights and Evictions Speaks About Olympic Games Impacts**

On Thursday, Nov. 14, **Claire Mahon** of the [Centre on Housing Rights and Evictions](#) (COHRE) spoke to students and community leaders at UIC. Mahon is an attorney who, with COHRE and a Geneva International Academic Network grant, has studied how the last 20 years of Olympic Games have affected housing rights and environment in each host city since Seoul in 1988. Through this research, Mahon and her colleagues found that three negative housing trends accompany Olympic hosts, to varying degrees: the displacement of residents due to venue construction, gentrification of neighborhoods due to spikes in property values, and loss of affordability as a result of rapid rent increase.

Mahon then outlined how the core principles of the Olympic movement, particularly its commitment to the right of community participation, coincide with efforts to mitigate such ill effects. Indeed, after corruption scandals in the wake of the Salt Lake City Games of 2002, the International Olympic Committee (IOC) implemented a global United Nations sustainability initiative called [Agenda 21](#), a program designed to commit the Olympic games to creating positive socio-economic and environmental impacts wherever they are hosted, as well as to increase participation of "all of the groups which make up society are active and respected players in the process." To learn more, visit CRN's new [Olympics](#) page.

- **Germano Millgate Residents Forum**



Residents of the Germano-Millgate Apartments gathered on Thursday, October 16th to discuss the future of their South Chicago housing complex at the first annual Resident Forum. The event, which was organized by the **Germano-Millgate Tenants Association** (GMTA) and Kathleen Day from CRN, was held at the J.N. Thorp Elementary school, across from Germano.

Brigitte Robinson, executive director of the Germano-Millgate Community Center, opened the forum by giving a brief history of tenant activism at Germano, noting that without the involvement of dedicated residents, the community center, which serves many children and families from Germano and beyond, would not exist.

Jackie Samuels, director of [South Chicago New Communities Program](#) and key ally of the GMTA, spoke to the audience about the need for affordable housing in South Chicago and the importance of preserving Germano-Millgate, which is one of the few remaining federally subsidized properties in the area.

Participants then moved to classrooms where they attended topical workshops centered around the theme of the event: "The Future of Germano-Millgate." The Chicago Rehab Network sponsored a Tenants Rights and Responsibilities workshop which was attended by residents, representatives of management, and members of the Germano-Millgate security force. Officer Michelle

Morrow of the Chicago Police Department also gave a talk on how to address the problem of domestic violence, while representatives from South Suburban Senior Services offered free wellness checks as well as health and services advice to seniors.

In addition to forty Germano-Millgate residents, a dozen community partners from South Chicago and beyond were present to show their support for the Germano-Millgate Tenants Association.

- **CRN Holds Annual Meeting**



On October 22nd, the Chicago Rehab Network hosted its annual membership meeting at the Illinois Institute of Technology. This year's meeting drew participants from non-member organizations and represented a diverse group of housing advocates. The day's agenda reflected the important challenges currently facing Chicago communities, focusing on the National Stabilization Program, Olympic prospects, and City Budget and departmental changes. Board President **Andrew Geer** opened the meeting by reminding participants that while current economic conditions are presenting challenges, it is also a time of great opportunity.

Katie Ludwig from the Department of Housing introduced the City's initial plans for Neighborhood Stabilization Program (NSP) funds. Ms. Ludwig explained that the City will be receiving \$55 million in NSP funds which will be the largest allocation given to an individual city. A wide range of developers will be used in accordance with the City's "all hands on deck" approach to the foreclosure crisis. Ms. Ludwig stressed that disposition would largely depend on what was appropriate for a given neighborhood and may include home ownership, a lease-purchase model, rental, or demolition of excessively blighted properties.

Gyata Kimmons from [Chicago 2016](#) opened discussion on the Olympics with background information on the bid and the selection process, sharing some of the short and long term benefits that would come with hosting the Games which include increased tourism, hotel and lodging boom; global media exposure; and infrastructure improvements. Mr. Kimmons shared that housing constructed as part of the Olympic Village would house athletes and officials during the game but could be converted to mixed-use housing after the games.

Shannon Bennett from **KOCO** and **Communities for an Equitable Olympics** (CEO) described his organization as a grass-roots collaboration between a range of community partners. CEO's mission is to make sure that the Olympics has a positive impact and legacy in the communities where it will be located including the Washington Park, Grant Park, Jackson Park and Lincoln Park areas. CEO has focused on addressing affordable housing, workforce development and transportation concerns at the front end of the Olympics planning processes and seeks a binding agreement with Olympic planners to community members' concerns are met.

The final presenter was **David Thigpen** from the **Chicago Urban League**. In June 2007 the Urban League released a [study](#) on the potential impacts of the Olympics. Mr. Thigpen shared some of the findings from the study including a projected \$5 billion in gross spending, 81,000 temporary service jobs during the games, and increased tourism after the games. He also cautioned that planning on the front end was important to make sure that the communities where the Olympics would be held are not negatively impacted.

The afternoon session turned to the implications of the proposed 2009 City Budget and the departmental reorganizations included within the budget. Joy Aruguete from Bickerdike Redevelopment Corporation opened discussion with a history of the Department of Housing's

Five Year Plan. Department reorganization is a major part of the proposed 2009 budget. Concerns were raised about how the formation of a new department would affect CDCs' relationship with the new department, efficiency, transparency and accountability. (See [CRN's comments](#) regarding the reorganization.)

CRN thanks the participants of the Annual Meeting and is grateful to the generosity of IIT for providing space and hosting this critical forum.

• Federal News



Second Stimulus Proposed

House Speaker Nancy Pelosi (D-CA) has announced that the House will reconvene for legislative business on Wednesday, November 19. At this time it is unclear what business will be considered and when first votes will occur. The Senate has planned to reconvene the week of November 17th as well. House Speaker Pelosi and Senate Majority leader Harry Reid have both been considering a "second" stimulus bill.

Pelosi suggested last week that the Senate take up the \$61 billion stimulus bill the House passed in September. It included funding for infrastructure projects, state Medicaid programs, an extension of unemployment insurance and food stamps, and \$1 billion in capital funds for public housing.

However, the White House and GOP leaders say creating programs for spending will do little to stimulate the economy and prefer a package that relies more on tax breaks. In late September, Senate Republicans blocked consideration of a \$56.2 billion bill that was similar to the House package. Democrats are hoping that GOP losses in last week's election as well as the worsening economy may soften the Senate minority's stance. Absent a concession by President Bush or Republicans, Democratic leaders are likely to wait until January and start fresh with President-elect Barack Obama in the White House regarding a second stimulus bill.

Treasury Changes Course on "Bailout Bill"

On October 3rd, 2008 President Bush signed into law the Troubled Asset Relief Program, otherwise known as the "\$700 billion bailout bill." This law was originally designed to allow the Treasury department to buy up troubled mortgage-backed assets that have caused a cascade of financial problems. Once the department purchased those toxic assets, the law called on the Treasury to use its position as the new owner of mortgage paper to help reduce foreclosures by allowing the underlying home loans to be modified.

However, the original plan has changed. Treasury Secretary Henry Paulson has changed course, abandoning his plan to buy up illiquid assets; rather, Secretary Paulson has opted instead to make direct capital infusions into banks in an effort to unfreeze the credit markets and get banks lending again. This has orphaned the foreclosure reduction plan.

As of now, Secretary Paulson has obligated \$290 billion of the \$350 billion it is permitted to use without further authorization from Congress. On Tuesday, Secretary Paulson said he had no plans to tap the second \$350 billion of the bailout fund this year, preferring instead to have the Obama administration decide how best to use that money.

• Network NewsMakers and Upcoming Events

Bank of America will celebrate Chicago neighborhood leadership on November 19, 2008 at 5:00 pm at its **2008 Neighborhood Excellence Initiative Awards** at the Chicago Cultural Center. Congratulations to CRN member **Greater Southwest Development Corporation** who will be honored at the event.

The **Donor's Forum Annual Reception** will be held on November 20th. Visit <http://www.donorsforum.org/> for more information.

Congratulations to CRN member, the [Center for Neighborhood Technology](#), for its induction into the **Environmental Hall of Fame**. The awards ceremony will be held on Saturday, November 22nd at the Hotel Allegro.

Visit <http://environmentalfame.com/> for tickets and event information.

The **Illinois Community Investment Coalition** and the **Woodstock Institute** will hold its **12th Annual Fall Forum** on Thursday, December 4th at the Federal Reserve Bank of Chicago. Please RSVP by November 24th by calling 312-368-0310 or email bhill@woodstockinst.org.

Best wishes to **William Goldsmith** who will head the Neighborhood Stabilization Program at Mercy Housing. Mr. Goldsmith was previously the Midwest Regional Director for The Community Builders.

- **Help Build The Network!**

The Chicago Rehab Network is the oldest and largest coalition of non-profit community developers and practitioners in the Midwest.

CRN works to provide a foundation for new strategies for effective policy, communications, training and technical assistance to support the development and preservation of affordable housing across Chicago.

You can support our work by [spreading the word about CRN](#) or by making a donation.

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