

## ▶ A TOUGH SELL

Developers charged with creating mixed-income neighborhoods at CHA sites haven't been able to build for-sale units.

### % OF FOR-SALE UNITS COMPLETE

**Roosevelt Square**  
Related Midwest



17.9%

**Parkside of Old Town**  
Holsten Real Estate Development



66.8%

**Westhaven Park**  
Venture including Brinshore Development



44.1%

**Jazz on the Boulevard, Lake Park Crescent**  
Draper & Kramer, Davis Group



74.2%

**Oakwood Shores**  
Venture including Granite Development



15.7%

**Legends South**  
Venture including Brinshore Development



0%

**West End**  
East Lake Management & Development



30.8%

**Park Boulevard**  
Venture including Davis Group



24.1%

**Park Douglas**  
Venture including Brinshore Development



0%

The developers are the main builders of each project.

Source: Second-quarter 2012 report by Habitat Co. LLC

## Real estate collapse cripples CHA plan to mix homeowners, renters

By: [Micah Maidenberg](#)

September 29, 2012

The Chicago Housing Authority's ballyhooed efforts to mix significant numbers of privately owned units with subsidized housing have been decimated by the collapse of the residential market and must be remade for a new economic reality.

The so-called Plan for Transformation was launched 12 years ago to replace the authority's housing for the poor. Private developers were commissioned to build communities that would include roughly equal parts market-rate units, discounted residences for working-class tenants and heavily subsidized housing for low-income residents.

This formula, which came to be known as "a third, a third, a third," worked during the boom, but the plan has stalled out since the crash. The authority is planning to announce a new strategic plan this fall that acknowledges "a more difficult economy." Over the past decade, builders put up 2,314 for-sale units in nine areas, according to a court filing by the housing authority's development monitor. They still have 3,126 for-sale homes to build, the filing says.

"Just like it's very difficult to figure out how to build a condo project downtown, it's also difficult to figure out how to build and sell homes at Plan for Transformation projects," says Curt Bailey, president of Chicago-based Related Midwest LLC, which is developing Roosevelt Square on the Near West Side, replacing the ABLA Homes.

Even at redevelopment communities in desirable neighborhoods, developers can't justify building for-sale units, despite recent price improvements in the residential market.

## **SHIFT TO APARTMENTS**

At Parkside of Old Town, which Chicago-based Holsten Real Estate Development Corp. is developing on former Cabrini-Green parcels, for-sale units won't fetch the minimum \$250 per square foot required to build them, says the firm's president, Peter Holsten. Seven closings at Parkside earlier this year of condominiums and a townhouse that were started before the bust fetched \$182.75 per square foot.

The firms instead are seeking to build apartments. That direction has its own set of problems, requiring time-consuming government approvals, not to mention the financing challenges. Losing the for-sale units doesn't just mean financial pain for developers but also the end of the social policy that undergirded the Plan for Transformation: that homeowners with a financial investment would serve as stabilizing forces as the former CHA sites underwent dramatic changes.

Myra King, president of the Central Advisory Council, the umbrella organization of public housing residents and a member of the authority's board of commissioners, says CHA should consider redefining “a third, a third, a third” to a formula that doesn't rely exclusively on market-rate housing.

“What that mix looks like, it could be a number of things: It could be 50 percent affordable and 50 percent low-income. It could be 75 percent affordable and 25 percent low-income,” she says. Others believe maintaining some percentage of market-rate units is critical for the transformation effort's success.

“Ideally, you want all three income groups, and you want those income groups to be different economically,” Mr. Holsten says. “But if you've just got affordable and public housing, I think you're going to have neighborhood opposition.”

## **CHANGING THE MIX**

Charles Woodyard, who took over the agency as CEO last October, was charged with overseeing what the CHA has called a “recalibration” of the Plan for Transformation. Since then, CHA has gathered public comments at meetings and online, and convened sessions to cull ideas from developers, residents and advocates.



**Charles Woodyard and Myra King**

Mr. Woodyard, 54, previously led the Charlotte Housing Authority in North Carolina, which he once promised to push to “act like a real estate company, not a governmental agency.”

He's already on record promising that the agency's developers will receive more flexibility in the new redevelopment effort.

“I can safely say that instead of having a blanket 'a third, a third, a third' concept in place for all

the transformation communities, we will decide what the income mix needs to be community by community, and sometimes building by building,” he said at a meeting on the Near West Side last spring.

Mr. Woodyard declines interview requests through a spokeswoman. “Throughout the next year and foreseeable future, CHA will continue to revitalize its housing stock and create opportunities for low-income families in Chicago as we work with a host of community partners to help build strong and viable communities,” the agency says in a statement.

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