



# NETWORK NEWS

Volume 1, Issue 4

Winter 2008

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## HUD training a success

The Chicago Rehab Network hosted a special one day training session Oct. 30 to provide HUD owners and managers with an overview of critical information for the administration of project-based Section 8



*Photo, far left: Over 300 participants took part in HUD managers training.*

*Photo: HUD official Ed Hinsberger speaks at session.*

properties. The sessions included coverage of recent revisions to the HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, which became effective Sept. 24, 2007.

Illinois owners, property supervisors and site staff responsible for implementing these updated requirements were invited to attend the session. CRN also provided an overview of the Illinois Preservation Act, detailing how the act shapes the rights of HUD tenants and how engaged tenants are crucial for to preserving housing. The training, which drew over 300 people was held at the Hyatt McCormick Place.

The agenda for the day included presentations from Edward Hinsberger, director of HUD's Chicago Multifamily Hub, a training on occupancy requirements by Curt Hayes, of Compliance Solution, and a session on the Illinois housing preservation law was led by the Illinois Housing Development Authority and a session on working successfully with HUD tenants was conducted by the Chicago Rehab Network. Julia Stasch, of the MacArthur Foundation, provided an effective overview of the Preservation Compact.

"We believe it is possible for owners, managers and tenants to work together to create the conditions necessary for decent places to live and a thriving housing business," said Rachel Johnston, Chicago Rehab Network director of operations.

The training is designed to help managers and owners understand new federal guidelines for tenant occupancy and tenant participation in organizing.

A presentation devoted to Illinois' housing preservation law, which gives tenants the right to buy properties that opt-out of subsidized programs, generated a lot of interest. Without active tenant participation it is virtually impossible to preserve affordable housing.

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# The foreclosure crisis and affordable housing

By Kevin Jackson

The foreclosure crisis and housing market woes are making headlines both locally and nationally and people are losing their homes. We are reminded of how critical it is to continue to support policies that encourage the creation and preservation of affordable housing—in particular, the challenges and failures of ownership force us to reconsider and re-prioritize rental housing.

## Just the beginning of a crisis?

Using data from the 2005 American Community Survey, CRN released a housing fact sheet earlier this year that shows a steep decline of renter-occupied units—a loss of 71,000 in just 5 years—and an increase in owner-occupied units. During that time, condo conversion activity and home buying was at its peak and despite the seemingly healthy real estate activity, income levels were creeping downwards while housing prices and housing cost burden rates increased.

These trends are already indicative of a difficult housing outlook that is further exacerbated by the breakdown of the sub-prime lending industry. But the housing crisis is just beginning.

According to a recently released report from the National Training and Information Center, the first half of 2007 saw the amount of foreclosures surpassing numbers from the same period in 2006 by 42% from 4400 households to over 6000. The report finds once again that the highest concentrations are located in the poorer and minority communities of the South and West sides, with West Englewood and Englewood topping the list at 111 and 90 foreclosures per square mile, respectively. The report also finds that foreclosures are beginning to be felt in middle to upper income communities as well.

The result of foreclosures in the Chicago area will have devastating eco-

nomics impacts. The U.S. Conference of Mayors projects a significant cost to the Chicago metropolitan area in 2008—the housing downturn will cost the Chicago area \$4 billion.

## A buyer's market?

Chicago Magazine (October 2007) recently released housing sales price data covering the 12-month period from July 1, 2006 to June 30, 2007, which shows the first time in their 11 years of data collection “widespread” drops in their market indicators. The article suggests that the glut of housing units and steadily declining home sales prices may be opportunities for buyers to pick up a bargain.

But these “bargain” prices are still not within reach of a typical Chicago household. The median sales price of attached housing—condominiums or town homes—in community areas with more than 10 sales in the survey is \$223,000—affordable to households earning at least \$57,000 annually, assuming 100% financing. The median household income for a Chicago household, however, is an estimated \$41,000 in 2005, coming up short by over \$1,300 in monthly earnings.

We see an even a greater disparity in community income levels and these housing trends. For instance, condos and townhomes sold in Humboldt Park and North Lawndale during this period were affordable to households earning at least \$49,000 and in East Garfield Park, at least \$59,000, whereas the median income of households in these communities was about \$26,000 in 2005. More than twice the current neighborhood median income is needed to afford an average home in these communities which, it is also worth noting, have among the highest concentrations of foreclosures in Chicago.

## A greater burden on the poor

Despite the far-reaching consequences of the housing recession and foreclosure crisis, the greatest burden from the fallout will be borne on the shoulders of low-income families and communities.

Members of Chicago Rehab Network describe situations in their communities where families recovering from foreclosure struggle to find affordable rental housing. Worse, their destroyed credit undermines their potential to find acceptable housing.

This housing recession is not only a crisis of numbers; it is a social crisis which calls upon a change of ideas about housing—a foreclosed home is never one's best investment. Society's best investment is in safe, decent housing that has returns for generations to come. We are inspired by projects like the upcoming West Humboldt Park Homes mentioned in our 3rd Quarter Analysis to DOH, where homeownership is attainable for working families and in accord with the income levels of the community's current residents. Imagine a new three-bedroom home that is attainable for a family of four earning \$45,000. That is the public-private partnership at its best and demonstrates the innovative history of the non-profit development industry.

## Rental housing is a priority

A viable response to this burgeoning housing crisis is to re-prioritize the role of rental housing in our communities in order to sufficiently anticipate a growing need for affordable rental housing options. The preservation of rental housing is critical, as is the creation of new units and development of new initiatives to address the surplus of single family housing, like rent-to-own programs.

Continued on page 5

# Learning about TIFs **National City**

The Chicago Rehab Network recently held its first training on using Tax Increment Financing for affordable housing. The Nov. 30 training was hosted by National City Bank and led by instructor Bob Kunze, a former deputy commissioner of development support services for the city of Chicago's Department of Planning and Development.

Mr. Kunze, who was responsible for the department's financial programs for economic redevelopment, including the Tax Increment Finance program, drew on his wide breadth of knowledge and practical experience to take participants beyond the theory and walk them through the realities of using TIF for affordable housing in Chicago. Over 30 organizations were represented at the session.

Participants were welcomed to the training by Assistant Vice President of Community Reinvestment Matt Hickey and CRA Officer Cassandra Slade of National City. Following a brief introduction by Heartland Alliance's Andy Geer, Kunze launched into presenting the basics of TIF to a packed house of affordable housing developers, as well as select staff from the Chicago Department of Housing Developer Services Program. The training covered topics such as TIF

eligible costs in affordable projects, creating new TIFs, the approval

CRN exec. dir. Kevin Jackson, center, with Matt Hickey and Cassandra Slade of National City Bank.



Bob Kunze answers question during training. (Above right) Training participants interact during a break..



Andy Geer, of Heartland Housing, speaks at TIF training.

process for TIF-supported affordable projects, reimbursement options, and city (and developer) considerations in determining TIF amounts. Participants keen on voicing their concerns found Mr. Kunze more than accommodating in responding to questions. Dialogue between participants and the instructor was constant.

Evaluations of the training materials, facilities and instructor were overwhelmingly positive. Among the most beneficial aspects of the training as listed by participants included frank discussions about timelines, whom to contact, information about what kinds of projects are eligible for TIF funds, and the opportunity to hear colleagues questions and comments.

Furthermore, participants were pleased with the highly-detailed overview of the entire TIF process, from creating a district to closing the project. Based on the comments of those who attended, CRN will likely offer a refresher course next year, with variations on the original training.

"We look forward to providing continued assistance in this important area. Thanks to Matt Hickey and Cassandra Slade of National City for being such gracious hosts and to Bob Kunze for helping make this a success," said CRN executive director Kevin Jackson.



## 3rd, 2nd Quarter DOH Analysis Out

An analysis of Department of Housing progress for the third and second quarters has been compiled by the Chicago Rehab Network. The two separate documents discuss projects, policy and spending by the city agency related to affordable housing.

The 3rd Quarter Progress Report 2007 was released Dec. 4 and includes references to the 2008 city budget and concerns raised by rising foreclosures, the slowing housing market, overall economic downturn.

CRN argued again that home ownership is not for everyone and that a healthy rental housing stock remains vital for maintaining stable communities. The leadership and partnership that resulted in the Nov. 19 groundbreaking of the West Humboldt Park Homes, a project to be developed under the New Homes for Chicago program, was lauded.

The analysis also addressed Department of Housing preservation efforts and new unit production January 2007 – September 2007. Commitments for the Illinois Affordable Housing tax credits of the Donations Tax Credits were also discussed and summaries of six projects approved for this quarter.

The 2nd quarter CRN analysis presented before the city's Committee on Housing and Real Estate Sept. 19 included a call for an update on the reporting process for the expanded Affordable Requirements Ordinance. Preservation, allocation of housing resources and preservation projects were also included in the analysis.

To obtain either summary, visit [www.chicagorehab.org](http://www.chicagorehab.org) or call (312) 663-3936.

### HUD training Continued from pg. 1



Julia Stasch

CRN estimates 9,000 units of 12,400 units could be lost by 2010, in Chicago alone, unless federally restricted mortgages and contracts are renewed. These federally subsidized apartments are not linked to individual housing vouchers, but are kept affordable by the contracts between owners and the U.S. Department of Housing and Urban Development.

Ms. Stasch talked to trainees about the Preservation Compact, a Cook County-based initiative that aims to protect 75,000 units of affordable housing by 2010. She stressed the need for effective partnerships and innovative ideas to meet the Compact's goals.

## Name Dropping ...

**Ellen Sahli**, 41, was designated city Housing Commissioner by Mayor Daley Dec. 4. She formerly served as acting commissioner.

**Malcolm Bush**, president of the Woodstock Institute since 1992, is stepping down.

## Mark Your Calendars!

### 2008 CRN Community Development Trainings Announced

Mark your calendars now! The Chicago Rehab Network is pleased to announce its schedule of Community Development trainings for 2008. We would also like to thank Northern Trust Bank for partnering with us to provide the training.

Please note out the following dates:

**Community Building:** Thursday, March 13th, Friday, March 14th

**HP12-C & Spreadsheets:** Thursday, March 27th, Friday, March 28th

**Proforma Development & Analysis:** Thursday, April 10th, Friday, April 11th

**Sources of Development Financing:** Thursday, April 24th, Friday, April 25th

**Single Family Housing Development:** Thursday, May 8th, Friday, May 9th

**Multifamily Housing Development:** Thursday, May 15th, Friday, May 16th

**Project & Construction Management:** Thursday, May 29th, Friday, May 30th

**Property/Asset Management:** Thursday, June 12th, Friday, June 13th

Call 312-663-3936, for more details.

## Illinois Constitutional Convention: A Tool for Housing Advocates?

**N**ext year voters can make a major decision: A referendum to call for a constitutional convention will appear on the 2008 general election ballot.

If the electorate votes "yes," 2 delegates from each of the 59 state Senate districts would be elected in a separate election, likely to be held in the summer of 2009. The delegates would then convene a constitutional convention in late 2009, or early 2010.

Illinois law requires that the citizenry is given an opportunity to call for fundamental changes to the state constitution every 20 years.

Constitutional revisions made in the last Illinois Constitutional Convention, in 1970, resulted in the establishment of local home rule, minimizing sales taxes on food and drugs, and extending the

veto powers of the governor. Notable figures such as Mayor Richard M. Daley and Speaker of the House Michael Madigan were delegates to the 1970 Constitutional Convention.

Although voters rejected the referendum in 1988, the political environment may be ripe for a Constitutional Convention this time around. Last January state Rep. John Fritchey sponsored a resolution, which passed the House in June, urging the electorate to vote in favor of a Constitutional Convention in 2008.

The resolution, H.R. 25, which described the Illinois General Assembly

as "unwilling or unable to tackle some of the most significant problems facing the State of Illinois," listed the current method of property assessment as one pressing issue that could be addressed.

The Chicago Rehab Network thinks that the affordable housing community ought to be proactive in considering both the challenges and opportunities, if a Constitutional Convention were to be convened. We should be considering possible delegates and revisions now. We'll be hosting discussions on this issue in the coming months, so please contact us if you'd like to be involved.

### In Memoriam ...

The Chicago Rehab Network wanted to offer its condolences to the family, friends and all who knew and worked with **John Pritscher** and **John Lukehart**, who passed away in 2007.

As president and CEO of the Community investment Corp., Pritscher was a passionate advocate for the preservation of affordable housing in the city of Chicago.

Lukehart was instrumental in forming the Housing Roundtable as part of his work at the Leadership Council for Metropolitan Open Communities. His work reflected a commitment to partnerships, sound public policy and consensus-building.

### Foreclosure crisis *Continued from pg. 2*

Support for new policies is needed. The establishment of a National Housing Trust Fund, for instance, can add significant resources to increase the stock of affordable rental housing in the country—1.5 million units in the next decade. The legislation has successfully passed in the House and we have called on our leaders to continue this support by passing the bill in the Senate (see CRN's letter to Senator Dick Durbin on our website). Statewide, negotiations are still pending for passage of a Capital Bill, which may set aside much-needed capital funds towards affordable housing creation throughout Illinois.

Affordable housing benefits the health of communities and the economy.

And in Chicago, we continue to ask the city to commit more of its resources towards the creation and preservation of affordable rental housing, as more affordable housing draws a higher tax base from which to generate revenue. The current allocation of resources from the city is insufficient to meet the challenge.

We realize that there are no quick fixes. A range of rental housing options gives displaced and struggling families something invaluable—time and a place. It is time which they need in order to rebuild their lost equity by lessening their housing cost burden, time to rebuild their credit, and time to rebuild their sense of place and stability.

We, too, need time. All of us should reflect on many years of unaffordable rents coupled with an anti-rental housing climate—together, these realities forced many households into precarious home owning situations. Let's not make the same mistakes again. Additional home sales data and other info is available at [www.chicagorehab.org](http://www.chicagorehab.org).

## Save Lathrop Homes!



Comments on the CHA Plan for Transformation were recently forwarded to the agency by the Chicago Rehab Network. CRN focused on the need to preserve the Julia C. Lathrop Homes, the last standing family public housing site on the north side. Lathrop Homes is well situated to become an example of mixed income community, given its location in a rapidly gentrifying area. For a copy of CRN's comments, contact Rachel Johnston at 312-663-3936.



CRN members and staffers meet with Rep. Gutierrez, in dark jacket and light blue shirt, in Chicago.

### Funding Shortfall Threatens Project-Based Section 8 Units; CRN Meets With Illinois Delegation

During the fall legislative break, CRN staffers and members met with staff from the offices of Rep. Luis Gutierrez, Rep. Jesse Jackson, Jr., Rep. Rahm Emmanuel and Rep. Jan Schakowsky of the Illinois congressional delegation. The meetings took place in Washington, D.C. and home district offices. Issues discussed in the meetings included the National Housing Trust Fund, the problems of foreclosures caused by subprime lending, exit tax relief, mod rehab fixes, a homeowner assistance bill, recent initiatives introduced by Rep. Barney Frank regarding affordable housing preservation and other member community issues and requests. As a result of the meetings, a CRN member will provide congressional testimony during a federal hearing on housing foreclosures and congressional representatives have requested another CRN briefing. Efforts are underway to schedule similar meetings with Sen. Barack Obama, Senator Dick Durbin, and Rep. Bobby Rush and Rep. Danny Davis.

## Annual Membership Meeting

CRN held its annual membership meeting Sept. 28 at Access Living's new building at 115 West Chicago Ave. The presence of two notable guest speakers made the event especially insightful for our members. The commissioner from the Department of Planning and Development (DPD) and the executive director of Illinois Housing Development Agency (IHDA) addressed members of the Chicago Rehab Network.

### Department of Planning and Development

Planning Commissioner Arnold Randall was appointed to succeed Lori Healey as the head of the city of Chicago's Department of Planning and Development in August 2007. CRN members welcomed the opportunity to pose questions to the new Planning official, asking Commissioner Randall about increasing DPD's role in the provision of affordable housing -- including strategies to provide housing for ex-offenders, coordination with the Department of Housing, providing free city land for affordable housing, and the use of tax increment financing (TIF) for affordable housing. The city policy of allowing non-profit developers to purchase city lots at reduced rates was a significant point of discussions. CRN members reported land acquisition costs are hurting their ability to build and fully subsidize units because of high prices paid for lots.

### Illinois Housing Development Authority

The housing community also has new statewide leadership with the appointment of DeShana Forney as IHDA executive director, replacing Kelly King Dibble. Dir. Forney's presentation focused on an overview of the Illinois Comprehensive Housing Plan for 2008, outlining the agency's vision and goals to address the state's critical housing needs. As a source of financing, IHDA's many challenges include the ability to provide resources to match current housing needs, since every year requests for funding exceed the availability of resources. This is a point of concern that is especially relevant to CRN members, who are comprised mostly of non-profit developers, as they face constant competition for public sources of development financing.

Additionally, CRN members were able to address statewide issues that affect housing activities in their localities, including the status of the State Rental Subsidy program and the changes to the Qualified Allocation Plan for dispersal of Low-Income Housing Tax Credits. Members said several categories in the next Qualified Allocation Plan create an undue burden on developers that seek to create affordable housing where 100% of the units are to be affordable based on demonstrated community need/market study.

CRN members also shared their support for a \$100 million line item in the capital budget for affordable housing. As opportunities to affect housing policy emerge, CRN welcomes both Dir. Forney's and Commissioner Randall's leadership as partners to develop sound public policies that encourage the creation and preservation of affordable housing.

Congratulations to newly elected CRN board officers Andrew Geer of Heartland Housing, president; Steven McCullough of Bethel New Life, vice president; Guacolda Reyes of The Resurrection Project, treasurer; and Mattie Butler of WECAN, secretary.

## VISTAS expand horizons through CRN work

VISTA volunteers with the Chicago Rehab Network have had the opportunity to learn about affordable housing, housing preservation and other issues through their internships. Shown at right are Hope Miles, Melissa Meyers, Lindsay Hare, David Ellenwood, Arvelia Clark and Tim Hollander.



## City Clerk's Office Increases Transparency

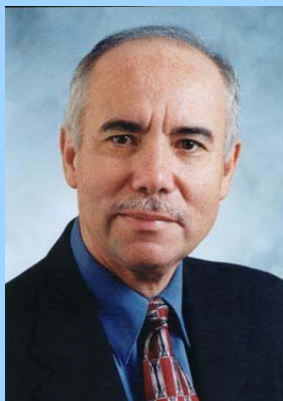
The City Clerk's office, essential for keeping Chicagoans informed about City Council activity that impacts their communities, has revamped its website in recent months. The result has been greater transparency and easier access to information.

Since his appointment and subsequent reelection last spring, City Clerk

Miguel del Valle has increased the public's access to City Council information by providing a monthly report of recently proposed legislation.

In addition, the clerk's office has recently made it possible to view regular City Council meetings, including Mayor Daley's Oct. 10 budget address, live via video streaming. Both the "Substantive Legislative Proposals" and live streaming can be found online at [www.chicityclerk.com](http://www.chicityclerk.com).

At the Oct. 16 City Budget Hearing, Clerk del Valle said, "Our goal is transparency and to put as



City Clerk Miguel del Valle

much information on city government as possible on the website."

The City Clerk's Office reported that it is working to create an "E-government kind of environment," similar to what exists at the state and federal levels, as it "streamlines

the process" by which documents are filed and transferred between city departments and City Council.

In its 2007 Policy Platform, the Chicago Rehab Network underscored the need for increased transparency in local government, listing the following as essential for a strong city:

**EXPAND LEADERSHIP** *Strong leadership depends on opportunities for civic engagement and quality discourse around public policy.*

*Unlike at the federal ([www.thomas.gov](http://www.thomas.gov)) and state levels ([www.ilga.gov](http://www.ilga.gov)), where information*

*systems are in place that promptly track legislative activity and initiatives, Chicago citizens lack any coherent communication system to inform them of such activities at the City level. City leaders and residents deserve a system that enables them to understand and engage in the workings of local government as it impacts their communities.*

*Recommendations:*

- *Implement a constantly updated information system that efficiently tracks and communicates all proposed, considered, and approved City policies.*

*Increase transparency in the Departments of Planning, Zoning, Building, and Construction/Permits to allow for better utilization of public resources, based on the reporting model exemplified by the Department of Housing.*

The Chicago Rehab Network applauds Clerk del Valle's progress to date and looks forward to his continued success.

# By The Numbers

Figures related to Chicago's affordable housing crisis.

**9.4** Percent decrease in citywide median income from 2000 to 2005 **71,000** Renter-occupied units lost in five years from 2000 to 2005 **2,900** Rental units lost in 10 years from 1990 to 2000

**66** Percent increase in median home sales price from 2000 to 2005

(Source: U.S. Census, American Community Survey)

**6,339** Foreclosure starts in Chicago the first

half of 2007 **4,464** Foreclosure cases started in the first half of 2006 with the highest concentration of foreclosures starts in the first half of 2007

**1** Average number foreclosures per block in West

Englewood **14** Number of South Side community areas out of the top 20 communities with the highest concentration of foreclosure starts in the 1st half of 2007

(Source: National Training & Information Center)

**\$353,823** Average price of condos

or townhomes in Oakland **\$91,000**

Minimum income to afford average sale price for a condominium or townhome in Oakland

**\$33,000** Estimated median income of households in Oakland and surrounding communities

(Source: Chicago Magazine, Freeze Frame, October 2007)

Get more info at [www.chicagorehab.org](http://www.chicagorehab.org)



53 West Jackson Blvd.  
Suite 739

Chicago, Illinois, 60604

Phone: 312-663-3936

Fax: 312-663-3562

<http://www.chicagorehab.org>

#### CRN STAFF

Kevin Jackson, Executive Director

Rachel Johnston, Director of  
Operations

Gene Moreno, Director of  
Advocacy and Policy

Hervenia Mitchell, Office Manager

Brooke Larson, Pia Hermoso,

Program Officers

Richard Muhammad,

Communications Consultant, Editor

The Chicago Rehab Network (CRN) is a citywide coalition of neighborhood and community-based development organizations. Founded in 1977 by community groups seeking to pool expertise and share information, the coalition membership consists of over 40 housing organizations representing over 60 city neighborhoods. Over the years CRN's members have created tens of thousands of affordable housing units and made a visible impact on some of Chicago's most disinvested communities, while preserving affordable housing in some of its most rapidly gentrifying ones.

*Community Empowerment and Development Without Displacement*