

## **A showdown brews in Joliet**

Gidwitz, Weller at odds over low-income housing

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By Bob Tita

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Urban eyesore or essential shelter? That's the question dividing Joliet and pitting a group that includes Illinois GOP stalwart Ronald Gidwitz against federal forces ranging from U.S. Rep. Jerry Weller to Secretary of Housing and Urban Development Mel Martinez.

At issue is the future of Evergreen Terrace, a low-income housing complex part-owned by former Helene Curtis Industries Inc. CEO Mr. Gidwitz, that Joliet officials contend has become a cesspool of crime, filth and safety violations.

With some apparent arm-twisting from Rep. Weller, R-Morris, Joliet city officials were able to persuade Mr. Martinez last month to abruptly scuttle the renewal of federal rent subsidies and loan guarantees for Evergreen Terrace; a move that essentially could force the owners to sell or default on the mortgage.

City officials and Mr. Weller insist that Chicago-based real estate management firm Burnham Cos., whose owners also include Mr. Gidwitz, have allowed Evergreen Terrace to deteriorate beyond repair. The city wants to relocate the residents to other apartments and raze the 356-unit complex.

Mr. Gidwitz, Burnham executives and state housing administrators say the accusations are exaggerated. They're determined to reverse Mr. Martinez's order, insisting that the city's plan for moving Evergreen's 500 residents to alternative low-income housing is unworkable.

Reputations on the line

They accuse city officials and Mr. Weller of conducting a smear campaign against Burnham and Evergreen Terrace as part of a strategy to force low-income minority residents from areas near the Des Plaines River that have attractive redevelopment potential.

"Unfortunately, the city officials have decided they don't want this development in the city," says Mr. Gidwitz, a member and former chairman of the State Board of Education. "We manage properties at a high quality. We don't cut corners. We don't treat people badly."

At stake in the bitter dispute are the reputations of the civic-minded Mr. Gidwitz and Mr. Weller, whose influence as a suburban power broker is expanding with Will County's growing population.

Allied with Mr. Weller is U.S. Sen. Peter Fitzgerald, R-Ill., who also participated in the meeting last month with Joliet officials and Mr. Martinez. Meanwhile, Evergreen's managers have low-income housing advocates and the Illinois Housing Development Authority on their side.

Evergreen Terrace, built in the late 1960s, has been managed by Burnham for more than 20 years. Joliet Mayor Arthur Schultz and top city administrators have complained that the seven buildings are obsolete warehouses for the poor.

City inspectors contend that the complex is plagued by chronic insect infestation, vandalism, broken elevators and hallways and stairwells littered with trash and human waste. Moreover, officials say the complex puts a strain on public safety services by accounting for more than 2,000 police calls annually and more than 400 fire calls, many of them false alarms. There also have been six homicides at Evergreen in the past decade.

"This place is a hellhole," says James Shapard, Joliet's deputy city manager. "We're spending millions and millions of dollars on this project every year and the Department of Housing and Urban Development (HUD) is spending millions and millions of dollars a year on it and it's just not worth that much."

The city has offered to purchase the property, but Burnham executives say it's not for sale, noting that the owners would face a cost-prohibitive tax liability from a sale. Although Mr. Gidwitz acknowledges owning a share of the development, Burnham declines to disclose the identities of other owners.

Joliet officials stepped up their opposition to the development last year, when Burnham began pursuing a new long-term contract for Evergreen with HUD, which provides 70% of tenants' rents and guarantees the mortgage on the property. A new contract would allow the property to be refinanced to generate money for repairs and provide supplemental rent subsidies of about \$400 per apartment.

"A lack of available funds has kept improvements from being made," Burnham President Herbert Halperin says. "This would allow us to bring new money into the development." Under the proposed 27-year contract, \$2.3 million would be invested in building repairs and security improvements during the first five years. About \$1 million of that would be spent in the first year alone.

'Not a hopeless situation'

The Illinois Housing Development Authority (IHDA), which monitors subsidized housing projects for HUD, recommended the refinancing plan to HUD. The state, which conducted its own inspections of the property, rejected the city's assessment that the buildings are beyond repair.

"I think it's exaggerated," says William Smythe, director of preservation for IHDA. "What we found was that it was not a hopeless situation." The HUD staff concurred with the state's report.

But Joliet officials trumped the administrative bureaucracy by appealing to Mr. Weller for help. He arranged last month's meeting in Washington, D.C., to enable city leaders to plead their case against Evergreen directly to Mr. Martinez, who pledged during the meeting that HUD would deny refinancing for the property.

City officials credit Mr. Weller's influence in Washington for their success in overcoming state housing officials' entrenched support for Evergreen Terrace.

"We caught them off guard," says Councilman Timothy Brophy. "They had no idea we'd be able to do that."

Burnham executives and Mr. Gidwitz aren't ready to give up on the refinancing. Mr. Martinez has yet to finalize his order in writing, and a HUD spokeswoman noted that the agency's Midwest region staff in Chicago remains willing to work with Joliet and property owners on a solution.

Housing advocacy groups also have turned up the volume on their criticism of the city's plan to relocate Evergreen residents to Joliet's already-full public housing units, as well as privately owned apartments that accept subsidized rents.

"Landlords don't have to take them," says Rachel Johnston, director of operations for the non-profit Chicago Rehab Network, "and there's no other subsidized family housing (development) in Joliet."

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