



NETWORK NEWS

A quarterly publication of The Chicago Rehab Network

Volume 1, Issue 5

Spring/Summer 2008

INSIDE THIS ISSUE

- Illinois Constitutional Convention Update 2
- Impacts of the Olympics in Chicago 3
- Federal Policy Updates 4
- Housing Fact Sheets and Policy Report 6
- 2008 Empowerment Series Caps off Another Year 7

CRN BOARD 2007-2008

- Andrew Geer
Heartland Housing
President
- Steven McCullough
Bethel New Life
Vice President
- Mattie Butler
Woodlawn East Community and Neighbors
Secretary
- Guacolda Reyes
The Resurrection Project
Treasurer
- Joy Aruguete
Bickerdike Redevelopment Corporation
- Donnie Brown
Genesis Housing Development Corporation
- Rev. George Daniels
Interfaith Organizing Project
- Angela Hurlock
Claretian Associates
- Martin Shaloo
ACORN Housing Corporation

Foreclosures Not A Surprise

We have seen the rise of the payday loan and predatory loan industries— an unregulated mortgage industry causing a feeding frenzy – and uncontrolled conversion of rental properties around the city. There has been a laissez-faire approach to development – that “growth” was a benefit without any consequences.

Yet, housing cost and income data have predicted these consequences. Income has not kept up with home prices and rents. The “housing cost burden” indicators have shown, year after year, that Chicagoans are spending too much on shelter. There wasn’t concern for this lack of affordability in the market as conventional policy wisdom marginalized “affordability”.

Maybe now many will realize that Chicagoans – 75% of us – earn under \$75,000. Those who understand this best are nonprofit development corporations. Throughout the boom we’ve kept a level head about supply and demand. CDCs should be turned to now as the city deliberates on how best to deal with thousands of recently foreclosed properties.

At the final public hearing on the City’s 5-year Housing Plan, CRN talked about how community development corporations can expand their partnership with the City to reach its housing goals.

Community development corporations are institutions that work to improve the quality of life for people within a place-based framework. CDCs have in common a mission to improve quality of life using a variety of tools and methods. Some CDCs work in a defined geography — some work for a defined constituency. All have fundamental characteristics that add value to community development.

Our mission focus requires high standards of accountability. Our missions extend beyond

the legal requirement to a fundamental respect for the inclusion of residents and the development of civic engagement and leadership. Our nonprofit status also guides how we use financing and other monies and makes us stewards of the highest regards of public and private dollars. Our methods of community development vary and are dynamic over time based on the needs of the community we serve. These methods range from housing development, to commercial and job development, to social services, leadership development, and organizing.

Because our investment extends beyond dollars - to relationships with local residents, elected officials, faith based leaders, and others - we are in it for the long haul. Our field has waxed and waned over 40 years, but in the main, our field is strong and the values that drive it are lasting. As institutions, our resilience and tenacity has lasted through previous recessions and we will last through this one as well.

This added value comes directly from our approach to development - one that is community-directed, based in real needs with a clear vantage point of existing assets, centered on diversity, with a strong respect for the market and how it functions. This all translates into high standards of accountability in our programs, leadership development, real estate development, and property management functions.

(See CDCs on page 5)

This publication is supported through the generous support of the Chicago Local Initiatives Support Corporation.

Update: Illinois Constitutional Convention

As outlined in our last quarterly newsletter, Illinois voters will have the opportunity to vote for a Constitutional Convention on November 4th. If 3/5 of those responding on the ballot vote in favor of the referendum, a separate election will be held to select delegates from each state senate district who would likely hold a Convention in late 2009 to proceed with proposing revisions to our current constitution.

Proponents mention the difficulty of passing constitutional amendments in the General Assembly as reason enough for a Convention. Many feel that because of “gridlock” in the Illinois legislature, voters are prevented from weighing in on many issues that would otherwise garner public support. Some constitutional amendments that have failed to make it through the General Assembly this legislative session include:

- ◆ Adding the right to decent housing to the Illinois Bill of Rights
- ◆ Instituting a graduated income tax rate
- ◆ Transferring primary responsibility for funding public education from local property taxes to the state
- ◆ Granting citizens the right to recall elected officials

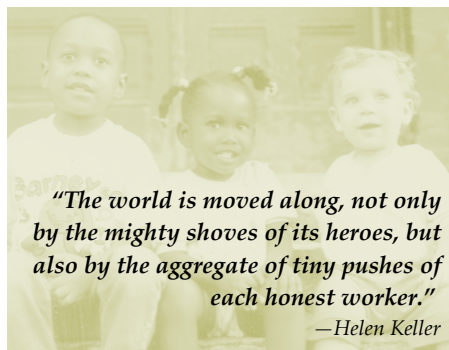
If a Convention is held, issues that impact the community development field will certainly be addressed. For instance, the question of eligibility for property tax-exempt status would likely be reviewed. Tax increment financing, which was not yet being used in Illinois when the last Constitutional Convention in 1970, would likely be a hot topic if a Convention were held in 2009.

By requiring a referendum for a Constitutional Convention every 20 years, the authors of our current constitution recognized the importance of periodic constitutional review and the need for public debate regarding how we govern ourselves as a state. The Chicago Rehab Network believes that, as questions of governance are raised as part of this debate, housing should be in the mix. By participating in this conversation, we as housing advocates have a great opportunity to provide a reminder of the foundational aspect of housing in our society and provide recommendations for how to do better job of housing ourselves in Illinois.

A portion of the General Assembly website is dedicated to provide study resources for citizens interested learning about past Illinois Constitutional Conventions and the upcoming referendum: <http://www.ilga.gov/commission/lru/welcome.html>. Stay tuned for further updates.

Chicago Metro CDC Census On The Way

In other parts of the country, data collected from a census of community development organizations have resulted in compelling portraits of successes, struggles, and prospects that CDCs have endured fulfilling their mission. Currently, the Chicago Rehab Network is piloting its own CDC census. In the future, the census will compile data every two years, creating sustained and organized access to the value of CDC development.



“The world is moved along, not only by the mighty shoves of its heroes, but also by the aggregate of tiny pushes of each honest worker.”

—Helen Keller

Chicago Metro CDCs need this census, not simply for the funding or legislative leveraging that it may yield, but also to take stock of their environment, approaches, accomplishments, and future outlook. A CRN summary report will include perspectives on each of these stages, and will lead to recommendations. Making your organization a part of this venture will benefit you, your colleagues, and the communities you serve.

The Chicago Metro CDC Census will debut this summer. To participate, e-mail rachel@chicagorehab.org. You will receive a log-in ID to access the online census, and CRN will be on hand to guide you through it. We thank you in advance for your help and your world-moving work.

Chicago 2016 Bid

- 2008** **January 2008**—Initial bid (Applicant File) submitted to the IOC
- June 2008**—The IOC short-listed four host cities: Madrid, Tokyo, Chicago, and Rio De Janeiro. Each pay \$500,000 candidature fee to continue. Chicago ranks third.
- August 2008**—Olympics Games Observer Programme, Beijing
- October 2008**—Final Bid Book—which includes full financial details—due.
- 2009** **February 2009**—Final Application due to the IOC
- May/June 2009**—IOC committee visits short-listed host candidates for evaluation
- September 2009**—Report on candidates by IOC Evaluation Committee
- October 2009**—IOC announces winner of 2016 bid

2010

2016

Chicago Olympic Bid Heating Up

Potential Impacts of the Games in Chicago

The International Olympic Committee has shortlisted Chicago as a 2016 Olympic host city. The Windy City will now compete with Madrid, Tokyo, and Rio De Janeiro for the IOC's final selection in October of 2009. The City, the 2016 bid committee, and private developers are far along in their preparations to host the Olympics, with a "bid book" scheduled for release this October. Only then will the full picture of Chicago's bid emerge.

The Olympics presents a friendly international exposition of top-flight sporting and often provide some economic incentives to their hosts. Yet past negative impacts to host cities raise concerns about how these potential effects would be balanced if Chicago were to become the host of the 2016 Games.

- In London, host of the 2012 Summer Games, costs tripled on some venues from their original estimate. The London Games is now estimated at \$19 billion.
- Barcelona's Games, which many deemed successful, created a 240 percent increase in new home prices in the six years prior to the Games. Such an event would put ownership out of reach for many Chicago residents.
- Atlanta, the most recent American host of the Summer Games, witnessed the loss of public housing and affordable units, an estimated 30,000 people displaced, and the violation of the rights of homeless at the hands of the city's police.

For Chicago, the concerns center on use of public funds and public lands. The initial bid cites permanent and temporary facilities in Jackson Park, Washington Park, and Lincoln Park, drawing both support and opposition from residents, advocacy groups, and political representatives.

The housing impact for the Games in Chicago is uncertain, but given the history of Olympic events, it will likely effect the larger housing market.

The Chicago Rehab Network has outlined its recommendations for community leaders, policymakers, and decision-makers. These include the establishment of an independent **Social Impact Advisory Committee**, a precedent set during the 2000 Sydney Games; conducting a **Housing Impact Study** to avoid displacement; and implementing **Community Benefits Agreements** codified in law.

These recommendations and best practices are available at www.chicagorehab.org or by contacting CRN at 312-663-3936.

Federal Policy Updates

NATIONAL

The **Housing Stimulus Package**, which has been passed back and forth through the House and Senate since May, has so far been the most comprehensive and swift response by Congress to the housing crisis. The legislation combines a number of bipartisan bills including measures to refinance subprime loans, fund counseling for at-risk homeowners, and increase FHA loan limits. Most of the bill's costs, however, go towards tax-cuts provisions designed to stimulate the housing industry. Some cautioned that the tax measures as proposed would only help to a limited extent, and only in the short term. The Center on Budget and Policy Priorities argues that the tax credits aimed at stimulating the homebuyer market "would do little or nothing to address the foreclosure crisis" because tax breaks alone cannot adequately address the housing crisis. This point is crucial for affordable housing advocates: Efforts to encourage home purchases and cushion losses for businesses without addressing the urgent need for affordable housing could prove to be shortsighted and ineffective.

An amendment proposed by Senator Dodd and passed on June 25th goes even further: the **Housing Finance Regulatory Reform** amendment not only aims to mitigate the effects of the foreclosure crisis but also supports the creation and preservation of affordable housing. The amendment includes the HOPE for Homeowners Program (Senator Dodd's version of an FHA reform program proposed by Rep. Barney Frank) which would allow the FHA to insure refinanced loans. Affordable housing advocates are celebrating the inclusion of a provision, originally proposed by Senator Reed, to create the **National Low**

Income Housing Trust Fund with money from Fannie Mae and Freddie Mac. After the first three years of the program, during which a portion of the funds will be used to offset the potential costs of Dodd's FHA program, 75% of funds will be targeted to extremely low income families. *Ninety percent of funds will support rental housing.*

Rep. Maxine Waters' (D-CA) **Neighborhood Revitalization Act** is one of the few proposals that would specifically target resources to the most vulnerable people and places. This bill was originally a part of Rep. Barney Frank's FHA bill. When opponents voiced concern that the measure would be little less than a "taxpayer bailout," it was reintroduced as a stand-alone bill, HR 5818, by Rep. Waters. With this bill, up to \$15 billion loans and grants would be distributed in proportion to local concentrations of foreclosed properties. The funds would go towards the purchase, rehab, and resale or operation of homeownership and rental housing. At least 50% of the grant money must be targeted to families at or below 50% of Area Median Income.

The **Tax Assistance Act**, a bill sponsored by Chairman of Ways and Means Charlie Rangel (D-NY) includes provisions to reform of the Low-Income Housing Tax Credit. In addition to simplifying the LIHTC program, this bill would temporarily increase the per capita allocation by 20 cents, up from \$2.00.

Rep. Frank (D-MA) has been preparing a revenue neutral **Housing Preservation Omnibus** bill which will include several proposals from the **Preservation Working Group**, of which CRN is a member. Among the provisions are measures aimed at maintaining housing at risk of conversion to market rate, restoring housing at risk of loss due to deterioration, protecting and empowering residents facing conversion and providing better data to facilitate preservation transactions.

Sen. John Kerry (D-MA) and three representatives, Rep. Keith Ellison (D-MN), Rep. Caroline McCarthy (D-NY) and Rep. Michael Capuano (D-MA) have introduced two identical bills to allow tenants 90 days notice if they are to be evicted from a property going into foreclosure. Both the Senate and House bills are called **Protecting Tenants at Foreclosure**.

HUD News

The Senate Committee on Banking, Housing and Urban affairs recently held a hearing on the nomination of **Steve Preston** as **HUD Secretary**, following the resignation of **Alphonso Jackson**. Several legislators had called for Jackson's resignation following allegations of cronyism.

Preston was in agreement with Senator Dodd at the May 22nd hearing with the Senate Banking committee on the importance of promoting stable rental housing. This statement of support for rental housing is encouraging, given the need for a more balanced housing policy which does not, as in recent years, neglect rental housing in favor of homeownership. (See *Harvard Study* page 7)

CDCs (Continued from Front page)

Excess capacity exists among CDCs - we could rehab, develop, and manage more housing for Chicagoans with greater financing and subsidy. We already know the challenges to working in difficult markets - that is our history. We know of substandard and at-risk housing - improving and securing it is our history. We know how to gather community support and overcome opposition—that is our history. And most importantly, we know how to create sustainable affordable housing that can generate broad economic benefits with sufficient upfront investment. That is our legacy.

*Our field has waxed and waned over 40 years, but in the main,
our field is strong and the values that drive it are lasting.
As institutions, our resilience and tenacity has lasted through previous recessions and
we will last through this one as well.*

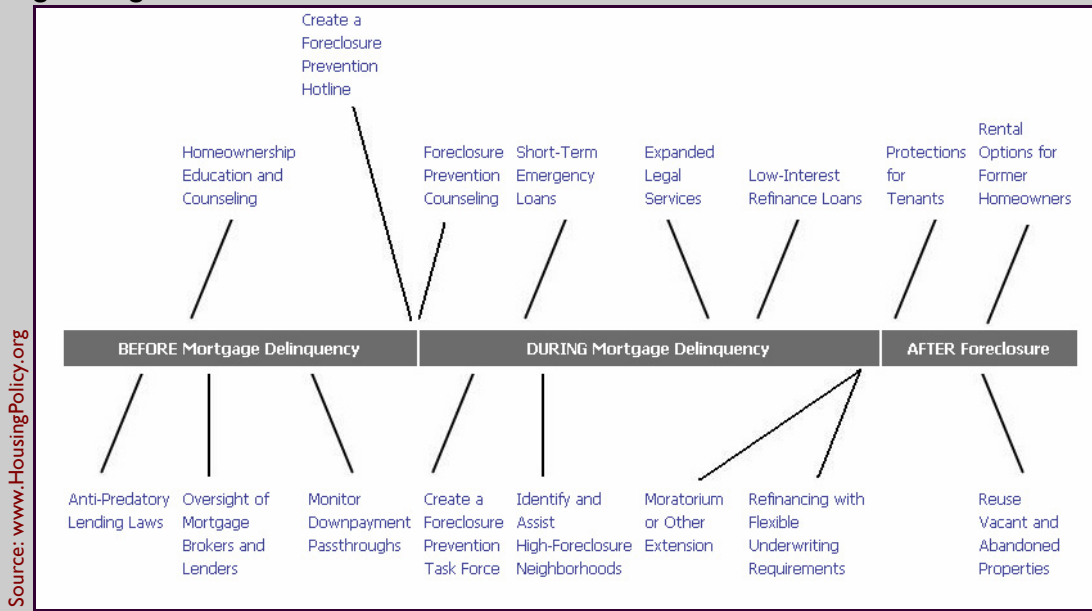
In the next five years, we ask that the City prioritize its limited resources to nonprofit community development corporations. The time is right to work with us to create a plan for reuse of the homes as affordable housing. We believe that an opportunity exists for the city to enable a process to acquire foreclosed homes, transfer them to nonprofit CDCs in bulk, and provide the working capital and subsidy needed to remove the harm from the neighborhood that results from abandoned homes. CDCs are best suited to determine if a home should be rental, lease to purchase, or sold as a for sale unit. We have managed scattered site units and doing so more efficiently is possible and necessary to address this crisis. An investment of this sort will create tax revenue, create jobs, and strengthen local institutions which already have deep roots in our communities.

Prioritizing nonprofit CDCs for community development would be accountable, and efficient use of public resources and a long term investment in these institutions which serve Chicago neighborhoods, generate a healthy, sustainable return for Chicago's residents.

-RACHEL JOHNSTON is Director of Operations at CRN

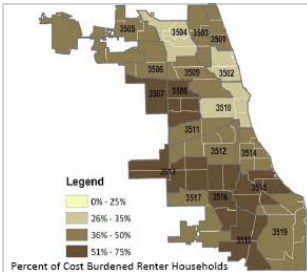
POLICY SNAPSHOT

Foreclosure Policy Timeline - Intervention in the later stages of foreclosure will be critical for a strong Chicago.



New On The Website: City of Chicago Housing Fact Sheets, Foreclosure Reports, DOH Production Analysis, and Policy Platform

New housing fact sheets, foreclosure reports and analysis of DOH production under the current Five Year Plan altogether paints a picture of affordable housing need that has been insufficiently addressed.



USING DATA from the 2006 American Community Survey, the Chicago Affordable Housing Fact Sheet contains quick facts concerning housing and incomes in Chicago. Additional topical fact sheets, *Occupied Housing Units*, *Income and Housing Cost*, and *Housing Cost Burden*, and accompanying maps illustrate the more localized housing trends in various parts of the city.

CRN RELEASES monthly reports on foreclosure activity in Chicago. Reports include an analysis of foreclosures based on mortgage types, length of ownership, and activity by zip codes.

Month	# of Foreclosures
January	1,001
February	1,720
March	1,321
April	1,549

WITH PLANNING for the next Five Year Affordable Housing Plan underway, CRN released a report on DOH's housing production four years into the plan. The report analyzes sources of financing, unit production, and the beneficiaries of income targeting of assisted units.

OUR 2008 POLICY PLATFORM addresses these and other housing issues with recommendations to create and preserve our neighborhoods, commit more resources, and expand leadership in order to bring sound affordable housing policies to our city.



Bajo el Mismo Techo

The Latino Community in Suburban Chicago:
An Analysis of Overcrowded Housing

Latinos United Study of Housing Overcrowding

Latinos United released a housing overcrowding study *Bajo el Mismo Techo* ("Under the Same Roof"), *The Latino Community in Suburban Chicago: An Analysis of Overcrowded Housing*, at a Housing Roundtable held on Tuesday, March 25th. Visit www.latinosunited.org for the full report

Annual Poverty Report Released

The Mid-America Institute on Poverty, the research and advocacy arm of Heartland Alliance, recently released its annual Report on Illinois Poverty and the accompanying Chicago Area Snapshot for 2008. Visit the MAIP website at <http://www.heartlandalliance.org/maip/>.

Harvard study confirms: **We cannot afford to neglect rental housing**

Bill Apgar of Harvard and Bruce Katz of the Brookings Institute affirmed the need for a more balanced housing policy that does not, as it has in recent years, neglect pressing rental housing needs in favor of homeownership. Belief in homeownership as a cure all persists despite overwhelming evidence to the contrary and even in the face of an urgent rental crisis. The study was unveiled with support from The John D. and Catherine T. MacArthur Foundation. Find the report at: <http://www.jchs.harvard.edu>.

Renters Not Immune To Foreclosure Crisis

A new study by the Woodstock Institute reveals that more than one-third of residential foreclosures in 2007 are on two- to six-unit buildings. This represents anywhere from 9,600 to 29,000 units in more than 4,800 buildings.

The report, *Foreclosure Crisis Impacts Chicago's Rental Market*, is available at www.woodstockinst.org.

Empowerment Series Caps Off Another Year



The thirteenth Empowerment Series has concluded and provided nearly 20 community developers with a new proficiency in affordable housing development. Special thanks to the Northern Trust who hosted the workshops that make up the comprehensive syllabus of the Community Development and Empowerment Series.

The first group to participate in the this years' Community Development and Empowerment workshop series spent time at Bethel New Life in Austin. Led by instructor and Bethel New Life staffer Richard Townsell, the 25-member group toured Bethel's Beth Anne campus March 14, then toured Bethel's off-site housing developments, child care facilities, and financial service projects in Austin and West Garfield Park.



In the next workshop, participants became skilled in the HPI2-C financial calculator, a "mini-computer" that allows rapid calculations of mortgages and affordability.

CRN Board President Andy Geer took the helm in the next workshop, drilling the class on Proforma Development, a crucial competency for affordable housing developers, who then learned the manifold ways of filling financing gaps from Yittayih Zelealem, a professor at the College of Urban Planning and Public Affairs at UIC. Getting in to the meat and potatoes of affordable development, the class was the



treated to the tag-team of Linda Greene and Teresa Prim who delved into Single-family and Multifamily affordable housing development. The final two workshops covered the final stages of development, project and construction management and finally asset and property management. Strong demand continue to exist to offer this Series annually. Let us know if you are interested.

Foundations Create Fund to Help Chicago Neighborhoods Benefit from 2016 Olympics

The John D. and Catherine T. MacArthur Foundation, Chicago Community Trust, the McCormick Tribune Foundation, and the Polk Bros. Foundation announced that they are establishing a multi-million dollar fund to support the city's Olympic bid and ensure it provides lasting benefits to Chicago's neighborhoods and residents.

The 2016 Olympics Fund for Chicago Neighborhoods will make grants to help neighborhoods affected by the Olympics participate and benefit from planning for this global event. Funding likely will support city and community planning, education, employment and training services, affordable housing, research, and business, commercial, and retail development in the communities where Olympic venues will be located. These include Washington Park, Englewood, Grand Boulevard, Kenwood, Woodlawn, and Douglas Park on the South Side and East Garfield Park, Near West, Pilsen, Little Village, and North Lawndale on the West Side.

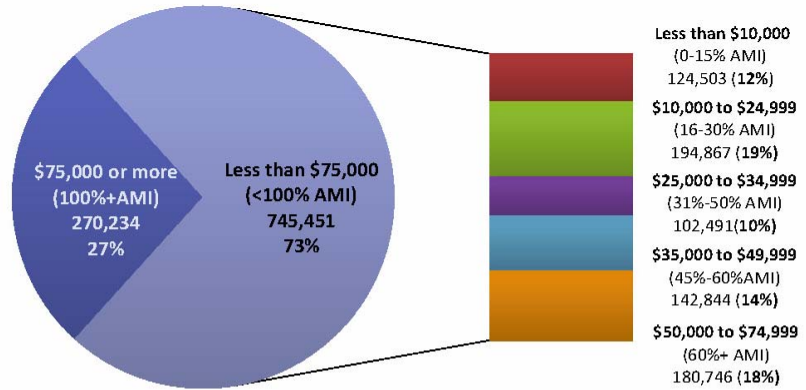
Funding Opportunity from Bank of America

The Neighborhood Excellence Initiative "recognizes, nurtures and rewards non-profit organization, local heroes and student leaders working to improve their communities." With a focus on education, community development, arts and culture, and health and human services, Bank of America seeks to enhance and support local communities through this initiative. To learn more about the Neighborhood Excellence Initiative and to apply online visit www.bankofamerica.com/neighborhoodexcellence.

NetworkNewsMakers

Congratulations to **Jane Addams Senior Caucus**, winner of the 2008 Community Organizing Award. **Claretian Associates** recently held a Green Summit, showcasing the green initiatives of the South Chicago community. Welcome new VISTAs: **Jennifer Barriere** and **Emily Sipfle**

BY THE NUMBERS Income of Chicago Households



HUD PMSA Income Guidelines*

Percent of AMI

- 0-15%: up to \$11,310
- 16-30%: \$11,310-\$22,600
- 31-50%: \$22,600-\$37,700
- 51-60%: \$37,700-\$45,240
- 61-80%: \$45,240-\$60,300
- 81-100%: \$60,300-\$75,400
- 101%+: \$75,400+

Nearly **three-quarters** of all Chicago households **earn less than 100% of the PMSA Median Income** (\$75,400 for a family of four).

*Income Limits based on Chicago-Naperville-Joliet Metro Area established by HUD. Income based on family of four.

Source: 2006 American Community Survey; Total households: 1,175,547; ACS income categories are cross-referenced with HUD PMSA income standards. Representations of percent of Area median Income are close estimations.



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, Dir. of Operations
Gene Moreno, Dir. of Advocacy /Policy
Pia Hermoso, Program Officer
Brooke Larson, Program Officer
Hervenia Mitchell, Office Manager

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