

THE NETWORK BUILDER

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The Chicago Rehab Network Newsletter

The Elusive Mixed-Income Community

They Say There's One In Uptown

If you think Uptown is a good example of a stable mixed-income community, Alderman Shiller agrees. But that does not alleviate her continued frustration over the ongoing struggle to keep it that way.

"If you are putting in just a few units of very low income housing in an upper income community, and not anything in between, not anything that is more moderate, then what you will end up with is a very rich and a very poor community. And what that does is completely isolates the poor people." It also discourages them from speaking up for themselves

"A lot of the people who wanted to move up here over the years were really excited about being in such a diverse area. But there's a handful of people that are often organizing within the community from a much less positive perspective. They are pretty antagonistic to this being a diverse area, unless everybody is in their place. Often new people come in and get discouraged from feeling comfortable with the people who've been here a long time, especially if they're low income, or from a different cultural experience."

The most obvious answer to preventing a mixed-income commu-

nity from being reduced to its rich and poor extremes might seem to be to develop moderate income housing. That's what Alderman Shiller thinks. And yet, she points out, "the hardest work I've ever had to do with the city has not been getting very low income housing built, although we don't have enough of it, but to get housing in between built. Housing that a working family can live in. You know, especially the working poor.

"One of the Aldermen went off on me in City Council the other day because I was raising questions about this new TIF they did downtown, and he starts screaming and yelling that I haven't done any development.

"And it was a little ironic, because the Mayor has actually been blocking a development project that I have that happens to be moderate income, home-ownership, everything they say they want.

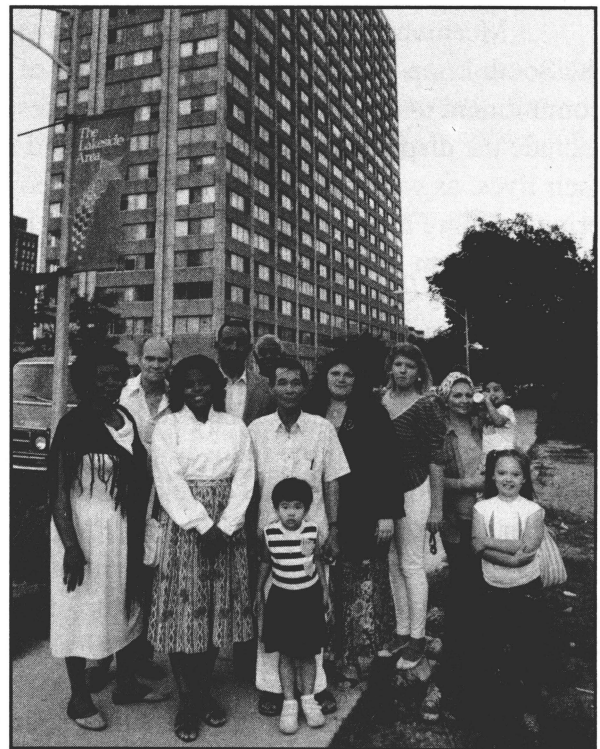


Photo: Thom Clark

"So I went and grabbed the Mayor's liaison and I said 'So, are you in a conspiracy to stop development in my ward so I can be attacked for being against development?'

"And he was like 'You're doing a lot of development! It's just one thing we're arguing about!' We are, but it's not this wholesale TIF kind of thing that you package everything up and certain individuals get lots of

Continued on page 17

One of our contributors asks if the difference between those who support mixed-income development as a means to mitigate the effects of concentrated poverty and those who don't is that the latter have less faith that ideal communities are possible, and that they fear the consequences of trying to build them. What if there is some truth to this suggestion?

There are real obstacles to creating mixed-income communities, and real consequences of half-realized intentions to create them. If Chicagoans took a hard look at those obstacles as they embraced the mixed-income ideal, there would be less reason to be leery of it. Contributors from Chris Brown of United Way to Mary Lu Seidel of OK SHARE offer that hard look at the obstacles.

Meanwhile, contributors from Uptown, to West Town to the South Loop illustrate the consequences of a half-hearted commitment to the mixed-income ideal. These consequences include the displacement of poor people, and the disruption of their lives, as we try to break concentrated poverty apart by bringing more affluent people in. They also include a diversion of resources from the urgent needs of the poor.

Take the South Loop for an example, where hundreds of millions will be spent on the sewers and sidewalks and streets that weren't considered worth maintaining when only poor people lived there. TIF designation helped bring richer residents, and raise the money to do the redevelopment too. Now, the rate of publicly subsidized, upscale development makes it unclear whether many poor people will be able to remain.

It is too easy to stumble from saying that "a good way to help poor people is to give them access to the resources of a richer community," into saying "the best way to help poor people is to help rich people first." And it is too easy to forget that some of the things that we prioritize because they sound good to rich people - things like massive, profitable redevelopment plans, ever-escalating property values, and the bigger, better tax base they bring, for instance - can be bad for poor people if we don't make specific plans to soften their effects. And when they are bad for poor people, they will undermine the mixed-income communities we also thought we wanted.

The worst consequence of bumbling with the mixed-income ideal is mistaking the "mixed-income" for the ideal. Of course, it is not the ideal - the ideal is a community where poor people have opportunity too; where they can, and do, realize their highest and best potential.

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From the Executive Director

Kevin Jackson is the Executive Director of the Chicago Rehab Network.

The current focus on mixed-income communities presents both grave concerns and reasons for hope to the affordable housing movement. A mixed-income policy tries to learn from past development and to reverse shortcomings to build stronger communities. Indisputably, efforts to break racial and economic segregation down are laudable. It is important to find ways to include low income residents so they can share in the benefits of revitalizing communities. It is important to recognize that it takes more than housing to build opportunities for residents - that there can be a kind of "continuum of care" offered by a community. If affordable housing is in place, low-income Chicagoans deserve these supports. However, these benefits only work as a supplement to housing, they cannot replace it.

The mixed-income debate can also mask the severity and degree of the housing crisis confronting a growing number of Americans: it deflects attention from housing as a basic right for all people, and prioritizes the development of areas of economic interest over the interest of community residents.

The mixed-income discussion often prescribes inadequate ratios of housing for the poor, and can even effectively reduce the number of affordable units available in areas that were affordable before the ratios were determined. The net effect is the creation of housing, but housing that will ultimately displace the poor.

As they are allowed to displace low-income Chicagoans, plans for mixed-income communities could recreate old boundaries among people of different histories, race and class - unless there is a serious effort to prevent them from doing so. Advocates could further such serious efforts through the Chicago Affordable Housing Coalition's state TIF reform initiative, or through the Chicago Rehab Network's property tax initiative. I wonder how many advocates of mixed-income communities have registered their support for the HUD budget to support the affordable housing necessary to make mixed-income communities work. Leaders of community development corporations will continue to call on our leaders and our allies throughout the housing industry to join together to create equitable strategies that attack poverty, not persons, and that create a variety of plans, not a one-size-fits-all panacea.

Creating Resources for Neighbors

by Juan Rivera

Juan Rivera is the Executive Director of Latin United Community Housing Association.

It is hard to think in terms of the possibilities of mixed and integrated communities: such communities would be places where people not only live together, but share power and develop solutions that benefit all the members.

The ideal community has a mixture of people of different incomes, cultures and work backgrounds sharing their knowledge, capacities, and power. Its members exchange resources and come together to solve collective and individual problems. The school system educates the children of carpenters and factory workers to everyone's benefit.

Who would not like to live in a neighborhood like this? Who would not like to give his or her family the opportunity to share with others the benefits and responsibilities of an environment like this?

"Who would not like to give his or her family the opportunity to share with others the benefits and responsibilities of an environment like this?"

I am sure poor people do not have a problem with that scenario. But what about those that are "better off," those who have opportunities for self advancement, are they willing to share?

At LUCHA, we constantly experience resistance from higher income newcomers who believe that they should decide who lives in the neighborhood. They think we should develop single homes to sell to other affluent residents, thus improving property values and services.

LUCHA experienced this kind of resistance when we began organizing to build a new 68 unit SRO. We struggled vigorously against a group who opposed the construction of this project. They thought it would bring more poor people into the community - without taking into account that there were close to 3,000 residents of our community in need of this kind of housing. Nevertheless, we were successful because long term residents did not accept that limited model of community development.

Continued on page 13

Reflections on Mixed-Income Development

by **Marina Carrott**

Marina Carrott is the Housing Commissioner for the City of Chicago.

During the past several years, the philosophy of mixed-income development has been embraced by so many players within the affordable housing community that some of us can be drawn up short by the realization that others, who are just as committed as we are to housing and neighborhood revitalization, do not concur that it is a desirable goal to pursue. Although the philosophical battle appears to me to have de-escalated from an all-out war to the occasional skirmish, it remains an undercurrent in a number of the conversations which center around the specifics of project and neighborhood redevelopment, and the allocation of funds for these purposes, as evidenced by the Fall 1996 issue of *The Network Builder*. The purpose of this article is not to respond to remarks made within the context of that issue, but to allow its author the luxury of withdrawing, at least temporarily, from the philosophical battle lines, and to reflect upon the underlying bases for the disagreement, in the hopes of promoting a clearer understanding of what is actually being said by those on both sides of the issue.

The Definition of Mixed-Income Development: It is appropriate to start by recognizing that the expression "mixed-income development" carries different implications for different constituencies. In a perfect world, all of us might be able to agree that the end product of a mixed-income development is stable, even prosperous communities which



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fulfill the needs of individuals and households of all economic strata, from the most affluent LaSalle Street traders to those who are at risk of homelessness (but not actually homeless, because in a perfect world, no one would be homeless, except, perhaps, by choice). However, our opportunities and resources, historic patterns of development and disinvestment, and regrettably, unresolved tensions between persons of differing economic, racial and social sectors, often fall short of allowing for the creation of such a model community. In my judgment, it is this presumed

inability to achieve ideal communities, and differing expectations of the consequences of trying, that lie beneath the arguments over mixed-income development. "Mixed-income development," in fact, means different things to different people, depending on their circumstances and perspectives.

Implications of Mixed-Income Development: What does mixed-income development imply for the various individuals and organizations who consider its ramifications? What do those who embrace it hope to achieve, and those who argue against it hope to preserve? For the poor, the homeless, and the elderly living on

fixed incomes, and those who advocate for them, mixed-income development carries the threat that they will no longer be able to remain in the typically lower-income neighborhoods which have accommodated their housing needs. They fear that the introduction of housing designed for more affluent households will ultimately result in the loss of their own residences, either directly, through redevelopment of the properties themselves, or indirectly, because escalating property taxes will render their homes unaffordable. This fear is rooted in historical precedent, and simply cannot be denied.

Within working and middle-class communities faced with the prospect of housing developments which will introduce low-income and special needs populations, the concern cuts in the other direction. Residents of such stable neighborhoods may also approach the subject from an economic perspective, but in this case they are afraid that their own

property values will decline. They may also experience a more immediate and wrenching form of fear, that of the new residents themselves, whom, they may believe, will cause the unraveling of the fabric of their neighborhoods by introducing or causing the proliferation of anti-social behavior. This latter fear may be far less rational than those which can be measured in dollars and cents, but it is at least as real for those who experience it.

What about the housing and community development practitioners whose personal lives may not be immediately affected by the philosophies which govern our professional strategies? Many of those who argue against mixed-income development are motivated by a genuine concern about displacement of the less economically fortunate. They are also fearful that mixed-income development will lead to a dilution of the resources that are allocated to fund the activities of organizations which serve very low-income populations, or to neighborhoods where there is little discernible opportunity to create mixed-income communities at this time.

And the rest of us? We may share a common mixed-income development philosophy, but even we approach the subject from various perspectives.

For the public housing authority, mixed-income development offers the potential for breaking down concentrations of poverty within the projects for which it is responsible. It may well render the new public housing units more manageable than the high-rise developments; it is also intended to improve the lot of the residents served by public housing, by providing role models and opportunities which are seldom found within the high-rises.

For community leaders whose devastated neighborhoods nevertheless present the opportunity for mixed-income development, the term implies the prospect of revital-

ization, of breaking a downward spiral of abandonment and disinvestment that has afflicted their communities for decades. For these individuals, inviting households who are more affluent than their typical residents to join the community carries the hope that the lives of all of its residents will be favorably affected: that vacant lots will be cleared and redeveloped, that

"For a Housing Commissioner, mixed-income development suggests the possibility that the housing finance burden can be shared, and that the developments she finances have the greatest potential for long-term stability and success."

retail goods and services will be available at fair prices, that jobs will be created.

For a Housing Commissioner, mixed-income development suggests the possibility that the housing finance burden can be shared with others, and that the developments she finances have the greatest potential for long-term stability and success. And for a Mayor, mixed-income development suggests a means of rectifying a growing discrepancy between the most and least affluent residents of the city, by increasing the housing options available to moderate-income residents who may otherwise seek refuge outside of the city limits.

Seeking a Common Vocabulary: I submit that the foregoing discussion, while lengthy, hasn't even begun to consider the perspectives of all of the players (bankers, religious leaders, school officials and myriad others), but it has served to demonstrate an important fact. "Mixed-income development"

means so many different things to different people that it's very difficult to shape a meaningful debate around the topic. If, however, we look beyond that expression to name the underlying implications of mixed-income development for various constituencies, we may each enhance our understanding of what it means for others, and perhaps gain a greater appreciation of each others' goals and concerns.

The poor, the homeless, the elderly and disabled, and those who advocate for them, fear that mixed-income development means displacement, and that mixed-income neighborhoods can only be created at the neglect of the poor. Those residing in middle-class communities worry that low-income residents will increase the rate of crime. Is anyone actually in favor of any of these outcomes?

Public housing officials believe that mixed-income developments will increase the opportunity for their residents to achieve security and independence; community leaders strive for neighborhood revitalization. City officials hope to leverage scarce public resources, and seek the stabilization of the city's resident population. Who is prepared to argue that these goals are undesirable?

Is it not possible that those who foster mixed-income development, either by introducing more affluent households into low-income communities, or low-income households into more affluent communities, are prepared to mitigate the fears of the existing residents and those who support them? And could not those who continue to express concerns about the impact of mixed-income development be moved to acknowledge the validity of the goals of those who embrace the concept? If that were the case, perhaps we could advance the discussion to the next level: can we create mixed-income communities in a manner which benefits all of our residents? But that is a topic for another article.

A Long Way From Mixed Income

by **Mary Lu Seidel**

Mary Lu Seidel is the Project Consultant for OK SHARE, Inc.

OK SHARE's neighborhood faces a number of challenges to achieving a truly mixed-income community - challenges both from within and without. While everyone can agree that mixed-income neighborhoods are an ideal solution to the problems facing our urban environment, striking that balance is easier said than done.

OK SHARE focuses its development efforts in the North Oakland community, bounded by 35th Street to the north, 39th Street to the south, King Drive to the west, and Lake Michigan to the east.

Some neighborhoods welcome almost any type of housing redevelopment. Conditions there may have been so bad for so long, that any reinvestment in the community is viewed as a welcome relief. There, building affordable units for lower-income families is not the problem, but pulling in middle-income families becomes the issue.

In our target area and in North-Kenwood, the area just to the south, successfully building market rate or near market rate homes has not been a big problem in the last few years. Buyers see a recovering area with reasonably priced homes near transportation, jobs, universities, downtown and the lake. Neighborhood residents see homes being built or rehabbed with an end value higher than their own, correctly assessing that higher-priced homes in their neighborhood will bring a greater return on their own home investment.

However, developing these homes brings the threat of gentrification dangerously close to our communities. Again, many

homeowners welcome gentrification. Nothing can compare to the feeling of buying a home in 1975 for \$40,000 and selling it in 1995 for \$175,000.

The obvious answer in our community is to build affordable units to balance out the market-rate units. The next step would be to attach resale restrictions to the

"Even though they themselves may live in housing that would be considered affordable, they see a stigma attached to the word 'affordable' that they do not want in their community."

affordable units to ensure that they remain affordable for the next 10 to 20 years. Within the Oakland community, red flags start popping up all over the place when this strategy is suggested.

Homeowners, who often have a stronger (and usually louder) voice at community meetings, oppose the idea of "affordable" housing. Even though they themselves may live in housing that would be considered affordable, they see a stigma attached to the word "affordable" that they do not want in their community. Their reaction to a plan for a mixed-income community is likely to be "Sure, as long as all the new incomes brought in are higher than mine." On the other hand, homebuyers are often leery of entering a purchase that will limit the return on their investment - as would be the case with resale restrictions.

As a community-based developer, we search for community

consensus (or at least a majority) to support our redevelopment work. We will not force a development on our community that it does not support.

North Oakland residents are especially sensitive to affordable housing because of the high concentration of public housing in the area. They associate affordable housing with public housing. Clarifying the distinction between the two has been one of our major tasks. In North Oakland, there are currently apartment units renting affordably, but as market-rate development and subsequent improvement of the neighborhood continues, those rents are likely to be driven up.

Another challenge to building affordably in North Oakland is the need to build new homes to blend with the existing housing stock. Try building a very affordable home that can stand respectably next to an 1890s greystone. We continue to explore innovative design concepts to meet this challenge and seek the subsidy funding to make it a reality.

It would be difficult or likely impossible to get community support in Oakland for a development that served families below 60 percent of the median for Chicago. Our current efforts target 60-80 percent of the median.

Until we see a dilution of the public housing in Kenwood-Oakland and until neighborhood residents can come to terms with the concept, we are a long way from achieving a healthy, stable, mixed-income community in North Oakland. Once we reduce public housing and garner community support, what is the likelihood that there will be enough funding to write down the cost of affordable redevelopment?

Scattered Site Housing Puts Mixed-Income to the Test

By Janice Byron

Janice Byron is the Tenant Services Coordinator at The Housing Resource Center of Hull House Association.

Situating public housing in mixed-income communities as proposed by the CHA is not without precedent in Chicago. Over the last fifteen years, public housing buildings have been standing shoulder to shoulder with working class two-flats, middle income condos and up-scale rehab through the scattered site program. None of this was done with the intent of creating mixed income communities. Most of these communities were diverse before public housing arrived. However, the goal has been the same: dispersing the poor to mitigate the effects of concentration and to gain the benefits of living in more diverse communities. Has this goal been achieved?

The characteristics of mixed income communities that planners have touted describe many aspects of the northeast communities, home to 500 units of scattered site public housing in 100 buildings managed by the Housing Resource Center since 1983. The area boasts the largest number of jobs in any city neighborhood, and six of the seven communities, Rogers Park, West Ridge, Edgewater, Lakeview, North Center, and Lincoln Square, offer a quality of life that ranks at or above the upper-middle 25 percentile of all Chicago communities (Metro Chicago Information Center, 1990). Uptown did not make that cut, but saw one of the biggest turnarounds of any community in Chicago (source: Woodstock Institute). In fact, middle income condo conversions are



Photo: Marc Pokempner

"Overall, the addition of 500 units of public housing to northeast neighborhoods has not caused the decline in property values or quality of life that some communities fear. However, has the mixed income environment had the positive impact on residents that policy makers had hoped?"

bringing stability to blocks where public housing units stand, and residents welcome the change. Overall, the addition of 500 units of public housing to northeast neighborhoods has not caused the decline in property values or quality of life that some communities fear. However, has the mixed income environment had the positive impact on residents that policy makers had hoped?

How individual northeast scattered site families have fared has

not yet been studied. Are they more likely to become self sufficient, and less likely to be victims of crime and violence than their counterparts in the projects? Are their children any less vulnerable to drugs, gangs and teen pregnancy; are they better prepared for the work force? If the answer to these questions is no, what role did the community fail to play? In terms of the debate over the influence of environment vs. individual character, it could be argued that the personal limitations of the families, or the stresses of a violent society, are far stronger than the benefits that a mixed income community has to offer. The same groups would argue that if some do succeed, they would have succeeded anywhere.

The impact of the environment on individual families is difficult to measure just through observation. Within the northeast scattered sites are wonderful success stories of children who have earned college degrees, parents with stable jobs, and families who have saved for down payments and purchased

Continued on page 12

So What Are We Arguing About?

by **Andrew Mooney**

Andy Mooney is the Program Director at LISC/Chicago.

Sometimes good ideas come in the wrong package.

"Mixed-income development" is one of those ideas. It has the distinction of alarming low-income housing advocates who fear that it's nothing more than a thinly-disguised excuse for neighborhood gentrification, while also alarming established middle-class residents who think it's merely a cover for the newest effort to put public housing in their neighborhoods.

In both cases, opponents doubt that the simple association of families from different social, ethnic and economic classes will lead to either stronger families or better neighborhoods, or both. And they doubt that real estate development alone - no matter how carefully manipulated - can be the answer to a neighborhood's, or a family's, every problem.

Instead of breaking new ground, then, 'mixed-income development' has spawned a new and unproductive controversy. I suggest therefore that we dispense with the term for now and focus on what I believe is the real issue it's trying to convey: that the overall vitality of a neighborhood corresponds directly to some threshold level of median household income achieved in that neighborhood (whatever that threshold may be).

You could call this a hierarchy-of-needs theory of community development (after Abraham Maslow's theories of the 40s): neighborhoods, just like individuals and families, function most effectively when basic needs like food,

clothing and shelter are covered, and resources can be devoted to other activities that enhance the human spirit and the spirit of community within that neighborhood. Stated in another way: a community is not viable, cannot sustain itself and will not control its own destiny unless it reaches a certain level of family income that covers the basics and leaves some discretionary income for other uses.

"...the actual meaning behind the term 'mixed-income development' becomes clear, as does the goal of the community development field in general: to assure that every community, every neighborhood in Chicago has the resources needed to reach that level of household income necessary to make the community viable as a whole."

This is not meant to imply that only wealthy neighborhoods are viable communities. Like most Chicagoans, I grew up in what was then a modest working-class neighborhood of modest circumstances. Yet the neighborhood 'worked' because the level of income brought home by my parents and neighbors was enough to raise a family, buy local goods and services and support local institutions like the church, the school, the YMCA, and so on. Contrariwise, I've learned as an adult that 'neighborhoods' in which the

median household income is at welfare levels - including notably the densest CHA developments - are dysfunctional at best and have little prospect of viability regardless of the number of social services or affordable housing units provided in those areas.

Yet, if this judgment that neighborhoods and their residents cannot thrive below some threshold level of median household income is correct, then the actual meaning behind the term 'mixed-income development' becomes clear, as does the goal of the community development field in general: to assure that every community, every neighborhood in Chicago has the resources needed to reach that level of household income necessary to make the community viable as a whole.

Such a goal is neither "liberal" nor "conservative;" it is simply practical. In classic economic terms, it recognizes the direct relationship that exists between the overall health and stability of a community and its economic underpinnings. What it also does, however, is impose an obligation on community development practitioners to balance "supply-side" efforts like the low-income tax credit program with "demand-side" efforts that bolster household incomes in a neighborhood.

It is precisely at this point that the question of tactics arises and where the concept of "mixed-income development" gets itself into trouble, in two ways:

On the one hand, even though it may not always seem so, the easiest method for increasing median household income in a community is to move people into the area who

have money. While their wealth doesn't much help poor residents who have been there all along, and may, in fact, displace them, it does "improve" the community. It is a shallow improvement, however, and misleading.

On the other hand, moving poor or welfare families into higher income neighborhoods - without doing anything else to support the families' prospects - can be a cruel trick on both the families and the neighborhoods in which they live. Also, unlike the gentrification strategy, there are few resources available to support a dispersion strategy (and this is without even touching on the significant obstacles that racism continues to pose).

The best tactical response does not come, therefore, from either gentrification or dispersion, even though both do have a certain utility in specific circumstances. Instead, and based on the presumption that neighborhoods develop only to the degree that families in those neighborhoods have jobs, earn decent incomes, and have some prospects for the future, the key tactical decisions have everything to do with jobs, education and training, and wealth creation.

The implications of this perspective for community development groups and financial intermediaries like LISC are significant. We're going to have to learn to take what we do best - housing, economic development, industrial development and so on - and put it into a broader context, a more comprehensive vision of what it takes to make a neighborhood viable. We're going to have to develop a richer understanding of and provide support for such seemingly non-development fields as education, jobs and income. Most importantly we will have to become more sophisticated in using our traditional resources to support income development within the economic context of individual neighborhoods and the city as a whole.

Many of us in community development have become quite good at developing physical assets in our neighborhoods. But this is simply not enough. In the future we will need to listen to our instinctive notions of what it takes to make a neighborhood a good place in which to live and raise our families and use our resources accordingly.

"The best tactical response does not come, therefore, from either gentrification or dispersion, even though both do have a certain utility in specific circumstances."

The same must also be said about government and business. Even if welfare had remained in place as we knew it, it was never enough and would never be enough to sustain families and neighborhoods at truly viable levels. In addition to providing life-sustaining programs, therefore, government policies at all levels should be aimed at least in part at supporting equitable income development throughout the general community.

But in this arena, governmental policies are only going to do so much. The engine for the city's economy is in the private sector. Here the challenge is to learn how to access private market forces so that neighborhood residents do indeed have access to jobs - whether those jobs are in a Chicago neighborhood or Hoffman Estates. And in their own self-interest, corporations are going to have to overcome a now-predictable prejudice against the city and learn how to access the resources that cities have to offer - including the human capital in their neighborhoods.

None of these changes in orientation are going to be easy. In

getting started, however, we should not make the mistake of abandoning what we do best, whether as a community development corporation, a financial intermediary, a local government or a private corporation, or of apologizing for what we've done. In fact, without our combined efforts over the last two decades, many neighborhoods in Chicago and elsewhere in the nation would be beyond repair today. But we are called upon now to become more sophisticated in our approach, more intentional in our goals, and more appreciative than ever of the web of economic relationships that are necessary to make neighborhoods and their residents viable and stable for the long-haul.

The term 'mixed-income development' belies the more profound relationship that exists between the health of a community and the economic well-being of every household in that community. Its weakness lies in the too-easy solutions it seems to offer and the tactics it seems to suggest. Its strength comes from its unspoken recognition that we must face the issue of family and neighborhood income squarely if we are to show real progress in community development in the future.

The South Loop and the TIF

We thank Matt McDermott of the Chicago Coalition for the Homeless and Marc Jolin of the Statewide Housing Action Coalition for contributing to this article.

A lot of Chicagoans argue they are not so much against subsidized low-income housing development as they are for the development of mixed-income communities. It is a little surprising then that there has not been more dismay over the missed opportunity to create one in the TIF subsidized redevelopment of the South Loop. Maybe Chicagoans were distracted by the assurances of developer Gerald Fogelson.

In 1991, Fogelson agreed that if the city would grant him a TIF designation to help along his Central Station development project at 14th Street and Indiana - a favor that would amount to a \$11.5 million public subsidy for the infrastructure to support his luxury townhomes - he would set aside 20 percent of any rental housing he developed as affordable housing for low and moderate income Chicagoans.

The agreement was not made spontaneously: leaders from the Chicago Coalition for the Homeless and the Statewide Housing Action Coalition (SHAC) argued that such a large public subsidy should result in a modest proportion of housing affordable to average Chicagoans. They formed the South Loop Campaign for Development Without Displacement. Mayor Daley himself says he's committed to a mixed-income community in the South Loop. The Campaign secured a contractual agreement to make Central Station contribute to one.

In the years since then, Fogelson has sidestepped this commitment to making 20 percent of all rental housing developed at Central Station affordable by not developing any rental housing there at all. Fogelson says it is "impossible" for him to build rental housing because the housing market will not support it.

In 1994, the Central Station TIF was expanded into the 324 acre South Loop TIF. It covers everything between Congress and Cermak, Lake Michigan and the Chicago River. The South Loop is now targeted for \$250 million in infrastructure improvements over 23 years. That's 300 percent more than the average neighborhood ward in Chicago will receive in the same period.

The South Loop Campaign has argued for priorities that could help anchor a mixed-income community in the South Loop, including:

- * 20 percent of all new housing created in the South Loop should be set aside for low and very low income families and individuals

- * existing low income housing, including South Loop SROs, should be preserved

- * Central Station should follow through on its commitment to create housing for low and moderate income tenants

- * South Loop businesses should be preserved and supported through the redevelopment process

- * 50 percent of all jobs created by South Loop development should be set aside for women, minorities, and homeless Chicagoans.

So far, only about 1 percent of the public investment in the South Loop is going to create affordable

housing. If that is meant to represent a commitment to a mixed-income community, it is a feeble one. It is only recently that the city has responded to the protests of the South Loop Campaign by funding modest numbers of affordable units through projects by Central City Housing Ventures and Lakefront SRO. These plans promise to create about 375 new SRO units. On the other hand, the city has no plans to protect or improve the 1,000 existing SRO units in the area.

Alderman Shiller's description of the wholesale TIF type thing, where someone makes a lot of money, seems well illustrated here. So does her description of a neighborhood of rich people, with a few very poor people overwhelmed in their midst, and nobody in between.

Meanwhile, the Chicago Affordable Housing Coalition, of which the Chicago Coalition for the Homeless and SHAC are members, has taken on an initiative to reform state legislation that governs the creation and administration of TIFs. These reforms would:

Make it more difficult to use TIFs to expedite gentrification of areas that are likely to see reinvestment anyway. Used inappropriately, TIFs siphon money off a city's tax base - money that would otherwise be used for schools, parks and city-wide infrastructure repair. Legally, TIFs are supposed to be used to revive blighted areas that would not be redeveloped otherwise. But the criteria for establishing a blighted area where "but for the creation of this TIF, no redevelopment would occur," are vague. For instance, the law specifies such an area may

Tax Increment Financing (TIF) is a tool municipalities use to encourage development in “blighted” areas. TIFs have been used in Illinois since 1977. A TIF is created when a municipality determines that a certain area or neighborhood is in need of development and meets statutorily defined criteria for establishing blight. The tax base in the TIF district is frozen, and the municipality invests in public improvements and some subsidization of private development. Taxes on the original tax base continue to go to the usual taxing bodies (e.g. school districts, county government, utility districts, etc.); the taxes on any increase in the tax base after the district was created (the “increment”) go into a segregated fund to pay for the municipality’s redevelopment costs. After these redevelopment costs are repaid, or after 23 years have passed, the TIF is dissolved.

contain buildings that are dilapidated, or obsolete, or excessively vacant, or below minimum code standards. But they do not define these terms. The reform initiative would strengthen these definitions and make it more difficult to establish a TIF in areas where reinvestment has begun to occur even without the TIF.

Make it easier for the public to monitor the creation and use of TIFs. Before a TIF is designated, the public currently has one opportunity to comment on the proposal. This hearing is usually held before Chicago’s Community Development Commission. By the time this hearing is held, the city has studied the eligibility of the area and laid out plans for it: there is little time for serious discussion or community input. The legislation would allow for improved resident notification, public hearings and planning.

After a TIF exists, it is difficult to assess how much money it is generating, and where it is being spent. The reform initiative would require that the municipality make annual reports about the progress of its TIF to a joint review board. These reports would be made freely available to the public.

Make it easier to use TIFs without displacing a mixed-income community. In communities from Addison to the South Loop, TIFs have been used to remove low income and/or minority housing. The reform initiative would require an analysis of the fair housing impact of the proposed TIF. It would require the TIF include a relocation plan for residents displaced by the TIF (current relocation requirements are voluntary), and that the TIF create replacement housing.

In a sense, a TIF is a tool for leveraging property values with the rise of taxes. Insofar as they rely on ever-escalating property values to fuel their progress, TIFs present a threat to the long term stability of affordable housing. To offset this, in each TIF, 20 percent of the tax increment would be put into a fund for low and moderate income housing. Funds for relocation and replacement housing would be drawn from this fund. That fund would have to be spent within the TIF district - or, if there is not housing currently there, in a contiguous area.

If such reforms were in place, maybe the South Loop would be further on its way as a mixed-income community.

Are promises to build mixed-income communities and ambitions for massive redevelopment projects compatible? Maybe, if the commitment to the first is as strong as the commitment to the latter. Over the summer, the South Loop Campaign for Development Without Displacement offered the following tour of the South Loop, where one of these goals predominates.

Filmworks Lofts: 13th and Wabash: These loft units, developed by Keith Giles, are priced at \$130,000 and up. Even though there are no affordable units either in or linked to the development, Mr. Giles received a \$2 million TIF subsidy to support the loft conversion. The \$2 million does not ever need to be repaid - it was a gift from the taxpayers of the City of Chicago.

Next Door to Filmworks: 13th and Wabash: To the north there is a building currently undergoing renovation. Until last year, eleven low-income Latino families called the building home. They were driven out when the owner significantly increased the rent. While the owner received no direct subsidies, indirect subsidies through infrastructure improvements and public investments in surrounding properties created the incentive for the owner to raise rents and renovate. To the south, a new townhome development is in the final phases of construction. Also made possible by the indirect benefits of the city’s investment in the South Loop, the “Townhomes on Wabash” will sell for upwards of \$200,000. There will be units available with as many as seven bathrooms. Meanwhile, two blocks away, at the Roosevelt Hotel - targeted for destruction by the city - a whole floor of low-income apartments/rooms share one bathroom.

Central Station: This massive development (72 acres), is ultimately supposed to include 9,500 residential units, 1 million square feet of retail space, and 3,500 hotel rooms. Gerald Fogelson, the primary developer of the property, received an initial \$11.4 million public investment (TIF \$) in the infrastructure needed specifically for Central Station. In his agreement with the city of Chicago, he committed to setting aside 20 percent of the units as affordable rental housing. While he continues to negotiate with the South Loop Campaign, he has not yet built a single affordable unit. Central Station has been home to Mayor Richard M. Daley since the first townhomes were completed in 1994. The townhomes in this "all but gated" community (*Chicago Tribune*) begin at \$250,000 (Mayor Daley's townhome was priced at \$495,000).

Senior Suites: In the summer of 1995, Mayor Daley announced that one of his most generous financial supporters, Jerome B. Klutznick, would receive at least \$8.1 million in Federal, State and TIF subsidy to construct a 96 unit senior housing facility on a piece of Central Station property (14th and Indiana). "Senior Suites," was described as providing affordable housing to senior citizens. Unfortunately, the lowest monthly rent is \$450. John Donahue, Executive Director of the Chicago Coalition for the Homeless said at the time, "Thousands of senior citizens in Chicago live well below the poverty line. SSI is \$458 a month. \$450 is not affordable to those seniors - often homeless - who need housing most!"

McCormick Place Expansion: This massive expansion project provides the southern anchor for current South Loop redevelopment efforts. A \$1 billion

Byron, continued from page 7

homes. There are the examples of the residents who earned a board seat on a major community organization, and others who have been active in block clubs and organized complex community events. Some of these achievers attribute their motivation to succeed to the community's opportunities and visible work ethic. They were also able to take advantage of those opportunities, believed they had a contribution to make to their neighborhoods, and were skilled enough as parents to reinforce values with their children. They were all aware of some neighbors' disdain of public housing, but could connect with organizations that valued their contributions. For these families, it does appear that the community nourished their growth.

However, there are many families who believe they have nothing to offer a community group, or that community groups have little to offer them. They cycle between school, jobs, unemployment compensation and welfare, are often overwhelmed by the challenges of raising children alone, and their lives have been touched by violence. While their well-being would undoubtedly be more at risk in a Cabrini or Robert Taylor environment, they are not able to benefit fully from the opportunities planners envision resulting from their

bond was issued to finance the expansion. Significant hotel and retail development is planned for the area. city planning documents call for the creation of a Cermak retail corridor, stretching from McCormick Place to Chinatown. Without active intervention by the city, these developments are certain to put pressure on existing low-income housing along Cermak - Hilliard Homes, Harold Ickes, 2101 S. Michigan, and Longrove Homes.

Hilliard Homes: This Chicago Housing Authority owned development is home to over 600 households, including over 200 senior

housing location.

More is needed than just a mix of incomes in a community for many public housing residents to grow in family stability and in citizenship. These include support services that work with a family's strengths, access to community resources and, equally important, leaders who guide a community through change and show it the value of diversity.

Strong leadership is necessary to counter the negative impact a mixed-income community can have on public housing residents. Despite the intent of scattered sites to blend into their communities, it becomes common knowledge which buildings are "housing." Neighbors interpret public housing as public property to justify trespassing, walking dogs on lawns, and using building garbage cans as their own. Some admonish their children to find other playmates and point to public housing buildings as the source of neighborhood problems. For many families, the move they made took them away from their support systems in an attempt to find a better environment away from destructive influences. When neighbors are quick to point out faults and reluctant to acknowledge efforts, it can affect a struggling family's resolve to change. Some

citizens. In drawing the TIF district boundaries, the city excluded Hilliard Homes. Despite massive public investment in the South Loop (\$111 million, excluding TIF funds), streets and playgrounds around Hilliard Homes remain in a state of extreme disrepair. Furthermore, there is a complete lack of indoor recreational and meeting facilities (e.g. a YMCA) for low-income residents of this and other South Loop developments. In 1995, residents of Hilliard participated in an extensive community planning process. In sharp contrast to the city's priorities, residents saw a

reconnect with the problems and individuals they had moved to escape from, and the community suffers the impact of that behavior.

To build strong, diverse communities, opportunities must be available for public housing residents to become full citizens of their neighborhoods. Sometimes this has happened when community leaders - clergy, community organizations, garden clubs - have understood the benefits of inclusion. Through their outreach and creativity, roles have been developed for residents that build on their strengths and talents. Residents also need support to recognize the talents they have to offer, and their responsibility to contribute to their communities.

Mixed-income communities have undoubtedly given public housing residents a richer environment for growth. And, it appears that the negative effect public housing units are feared to have on a community's stability and potential growth is unfounded. However, if public housing residents are to experience the full benefits of a mixed-income community, the commitment of community organizations, neighborhood leaders, and community-based support services, working in cooperation with the public housing managers, is essential.

Rivera, continued from page 3

Are governments willing to stimulate the creation of such diverse communities, creating policies and allocating resources to make them successful? Governments provide leadership in the production and preservation of affordable housing. Community developers have been recommending measures that could allow government to accomplish such goals for years. For example, the city could relax zoning and other constraints which limit the ability of low income communities to develop themselves. The county could assess property taxes based on the level of affordability to low income residents. All levels of government could then allocate a larger portion of their resources for production of affordable housing for families with very low incomes and for the implementation of strategies that stimulate the creation of local economies.

Measures that help poor communities create economic and educational opportunities for residents to improve their lives have the most potential for creating stability and long term success. Such stability requires strong community control of the assets located in those neighborhoods. It requires training and development of leaders, community based planning and development of

Continued on back page

grocery store, a community center, and an equitable distribution of public infrastructure funds as their primary desires for the area.

CCHV Single Room Occupancy Hotel: Central City Housing Ventures recently broke ground on this 170 unit SRO at the corner of 18th and Wabash. In 1994, the same consortium of churches proposed to undertake a \$2.9 million redevelopment of the Saint James Hotel, near Roosevelt and Wabash. After initially supporting the plan, the city backed out at the last minute saying it had other uses in mind for that property.

Asked by *The Chicago Tribune* to explain why the city rejected the Roosevelt proposal but supported this new project, CCHV's housing director responded "We had to find a politically acceptable site." CCHV received approximately \$1 million in TIF dollars to support the project. The city of Chicago has agreed to financially support a second new SRO in the area (16th and Wabash), this one run by the not-for-profit Lakefront SRO. Both Lakefront and CCHV believe their deals might not have gone through had the South Loop Campaign not been continu-

ously applying pressure to the Daley administration to create affordable housing in the South Loop.

2101 S. Michigan and Longrove Homes: Both of these buildings have significant numbers of site-based Section 8 units (as does the building at 1212 S. Michigan). Recent reforms at the Federal level have reduced the reimbursement rates to landlords with Section 8 contracts. HUD has also expressed its desire to reduce the number of site-based Section 8s and is thus less willing to renew Section 8 contracts. Renewals that are granted are for only 5 years. These changes, combined with city promoted increases in market rent rates in the South Loop area, greatly increase the chances that landlords will not renew their Section 8 contracts when current contracts expire. In these South Loop buildings, the contracts are due to expire in 5 to 7 years.

Dearborn Park: Phase I of Dearborn Park was begun in the Summer of 1977. Phase II (south of Roosevelt Rd.) is just being completed. The entire 51 acre development has approximately 3,000 units of middle to upper-income housing. Between 1979 and 1990, the city spent approximately \$50 million to build roads, sewers, water hook-ups, parks, and the South Loop School in Dearborn Park. Figures on expenditures after 1990 are not available. Dearborn Park provides the west-side counterpart to Central Station. As one Central Station planning document put it, the two developments are intended to provide "A critical mass to trigger redevelopment of adjoining two-block underutilized areas between Central Station and Dearborn Park and to the South." These "underutilized areas" include hundreds of units of affordable housing.

Pacific Garden Mission:

PGM was founded in 1869 and moved to its current location in 1923. In addition to feeding and sheltering up to 300 homeless men and women every night, PGM has a medical clinic, a clothing pantry, and a missionary radio program that is broadcasted to all fifty states. Its presence has been a concern to the city ever since redevelopment began on Printer's Row and in Dearborn Park. In June of 1990, a city commissioned report concluded that new residents in the South Loop were generally supportive of keeping PGM in place. Nonetheless, the city included PGM in a redevelopment district, thereby simplifying the process of acquiring the Mission's property through the power of eminent domain. More recently, the city is believed to have begun applying informal pressure to PGM to close or move.

Roosevelt and St. James

Hotels: These two SROs are in great danger of being destroyed in the near future. The Department of Planning has written and stated publicly that it would like to see these 300 plus units of affordable housing removed. The funding-allocation map for the Near South TIF District stipulates that the lots upon which these SROs stand should be redeveloped as "commercial/retail" space. In other words, only commercial/retail projects are eligible for TIF subsidies. Meanwhile, the city has turned down a proposal by a non-profit to renovate the Roosevelt. In 1995, the city attempted to have the Roosevelt vacated for safety code violations. The South Loop Campaign successfully fought the vacate order in court and the building now meets city safety standards.

The Need for Mixed Income Communities in Chicago

by Chris Brown

Chris Brown is Housing Specialist at the United Way of Chicago.

Put a group of community developers in a room and it is hard to imagine a term that will animate them more than "mixed-income communities." The divergence of opinion on what this term means and how and where it gets implemented is astounding. To one group it is the only hope for community revitalization, to another it is nothing more than gentrification. Mixed-income communities can truly be a means to revitalize the city as a whole, but they must be built and maintained in all areas of the city and we must understand the issues that impede their development.

In general, the term mixed-income community has been used to describe the process of drawing middle income families back to the inner-city communities they fled in the 60s and 70s. These families left the city in droves as their neighborhoods changed racially, ethnically and economically. They went to the suburbs to find better schools, better jobs, better housing, and more land where they could spread out. They left the opposite of all of these things behind in the city.

To draw these families back, government agencies and CDCs have instituted a number of programs that use public and private funding to create new conditions to address the reasons middle income families left in the first place. From Woodlawn to North Lawndale, new homes are being built, shopping centers erected, and serious attempts at education reform made. All of this amounts to a real and valid attempt to draw the

middle class back into the city. What is missing from this work, though, is an effort to create a city-wide mixed-income community.

To understand why this city-wide effort is not taking place, we first must understand some of the impediments to mixed-income communities. The first of these is how the real estate system itself is structured. The current system is predicated on the notion of "highest and best use." This is generally taken to mean "how can we get the most profit or value out of a piece of property?" Appraisers, developers, city planners and others all take this into account when trying to determine what to do with a specific parcel. In this excellent example of the free market system at work, everyone tries to get the most money they can out of the land they have. This thinking can force the boom of gentrification as the opinion of communities rises, or it can force the bust of disinvestment as the opinion of communities is lowered.

The impact of this thinking can be seen in a number of ways. When the opinion of a community goes up, landlords raise their rent to the highest level they believe the neighborhood will justify. Retail space is turned over to the business that can generate the most income and profit. Industrial space is converted into residential space producing more income on a per square foot basis. Open land is converted to some kind of use because "it would be a waste" to leave it vacant. All of these methods try to maximize the highest and best use of a piece of property.

A downturn in the opinion of the community also has an impact. Businesses begin to flee for areas

where they believe they can make a profit. Property owners stop investing in upkeep of their buildings and these buildings begin to deteriorate. Property values plummet as speculators play on race and class fears. Job centers close down looking for a safer place to do business.

Unfortunately, this can have drastic consequences on people and communities. If you can't afford the new highest and best use rent, you have to move on. Businesses with long roots in the community are forced out for trendier enterprises. Either end of the boom and bust cycle can have devastating impacts on long-term community institutions. Whole neighborhoods can be demolished to make way for new and better developments, leaving people no sense of the community they once enjoyed.

Another impediment to mixed-income communities is the lack of systems to foster them. Most Chicago communities were built as tract developments. With few exceptions, a drive down any street will present row after row of similarity: bungalow after bungalow, Georgian after Georgian, apartment building after apartment building. What this sameness creates is sameness. If one bungalow sells for a certain price, it's a safe bet that the others will be valued somewhere in that same range. If a landlord rents an apartment for one price, it won't be long before all landlords rent apartments at or around that price. Whether prices are going up or down, this sameness creates a uniformity in value, and this uniformity in value gets translated into a uniformity in the income brackets of the people who call a neighborhood home.

A final impediment to mixed-income communities is our innate human desire to be around people who are just like us. We all desire to live in neighborhoods in which we share a common unity with our neighbors. This desire has created three major problems in Chicago.

1) Many people have been forced to live in neighborhoods based on an outsider's perception of that person or community. Plainly put, this is segregation or steering. 2) In Chicago, and in most other areas of this country, communities have been arranged around race/ethnicity or class. People have failed to search for bonds deeper than the most obvious outside appearances that could unite them in their community. 3) In Chicago, most communities establish themselves as exclusive enclaves as

"Mixed income communities can truly be a means to revitalize the city as a whole, but they must be built and maintained in all areas of the city and we must understand the issues that impede their development."

opposed to inclusive groups. Instead of welcoming different people into a community and drawing strength from their diversity, many communities employ violent and non-violent tactics to keep different people out.

If we have an understanding of these impediments, we can begin to create real mixed-income communities throughout the city. There are several different solutions which those involved in community development can begin to implement to address these impediments. The first is to encourage systemic changes to the world of real estate. We must accept the fact that the "social value" of low income housing in upper income communities is a highest and best use. We must train appraisers and lenders to accept a diversity of values within communities at both the upper and lower ends of the price spectrum.

If we are to develop mixed-income communities around the city,

communities that structurally support the mixing of incomes must be created. Future housing developments will have to provide a wide variety of housing types, from small apartments for singles and seniors to large one-unit buildings on several lots for upper-middle income families. This diversity in housing stock will allow for a diversity in income. Government will have to acknowledge that it is not only important to bring middle income families to low income communities, but that it must bring low income families into middle income communities. This will require the redirection of resources to build or maintain units affordable to low and moderate income families in these upper income communities.

If we are really going to make any of this work, though, we must change the present nature of exclusivity in most communities to one of inclusivity. Only when middle income families begin to accept the notion that there is a benefit to living with low income families and only when low income families understand that middle income families are not just there to displace them will we be able to develop mixed-income communities throughout the city. All of us need to understand that we can draw strength from diversity by drawing on the skills and talents of each member of a diverse community.

Why does all of this matter and why should we care? It is simple, really. As long as we allow neighborhoods to deteriorate to the point where only the very low income will live there, or allow gentrification to change neighborhoods to homogenous, upper income communities, we will have an unstable city. The endless boom and bust of income stratification deplete the city of resources and inhibits the city's development. If well-off neighborhoods promote low income housing in their communities, low income people benefit from the advantages those communities have to offer in

Continued on page 17

Property Tax

One of the concerns about mixed-income communities is that they are rarely stable -- as they become more attractive to upper-income people, it becomes harder for lower-income people to afford to stay. The rising property taxes that accompany redevelopment contribute to the problem. If we measure the success of a community by the income level of its resident, its property values, and the taxes they afford, our model of an ideal community will not be a mixed-income one.

by **Pete Cassel**

Pete Cassel, Chair of the Chicago Rehab Network Property Tax Forum, is the Director of Housing Development for Covenant Development Corporation and is working in the Woodlawn neighborhood to develop affordable housing to its highest and best use.

One interpretation of the social contract calls us, as a society, to use our land and resources to the highest and best use. Of course, the principle of "highest and best use" is open to interpretation. Traditionally, highest and best use has been interpreted through the market. Through an exciting and provocative process, members and supporters of the Chicago Rehab Network have come to make another interpretation. In the realm of housing and land use, we advocate a highest and best use that values human needs and rights over the market.

For over 20 years, Chicago Rehab Network member community development corporations have been in the business of creating decent, affordable housing to meet the needs of low income households. The open real estate market has forced many such households to pay excessive portions of their income for a home, often substandard and dangerous places to live, and even pushed families and individuals onto the street and into homelessness.

As creators and managers of over 6,500 units of affordable housing, Chicago Rehab Network members often talk of how they struggle to meet cash flow demands in order to keep their buildings decent and affordable. The margins are much tighter and expenses represent larger percentages of total operating budgets than in market rate housing.

One key contributor to the expense of maintaining affordable housing is the significant portion of operating budgets that goes to paying property taxes. This is because multifamily income producing rental housing is assessed under the principle of highest and best use. Traditionally for tax assessors, highest and best use of residential property has been dictated by the local market rate for housing. Individuals, for profit corporations and not for profit organizations have been held to this principle when they have chosen to provide affordable housing that is below the neighborhood market rate.

The Chicago Rehab Network, member and allied organizations have come to dispute this idea, asserting that the highest and best use of some residential real estate is providing a safe, decent and, most importantly, affordable place for poor families and individuals to live.

The process by which we have arrived at this conclusion started in the spring of 1996. Chicago Rehab Network member Uptown Habitat for Humanity asked the membership to

address the issue of the difficulties which many of the low income homebuyers for whom they were developing housing were experiencing.

The Uptown Habitat home buyers were amazed to receive assessments to their newly purchased homes that were tens of thousands of dollars in excess of the price they had paid for the home. Other member organizations elaborated the issue. They described the situation in West Town, where property taxes jumped as much as 300 percent in 1994 due to accelerating real estate markets. Low income homeowners were being forced to scramble and rewrite their budgets to meet the increase, or lose their homes. Landlords in the neighborhood passed the property tax increase directly on to their renters in the form of \$50 to \$100 jumps in monthly rent.

At the same time, in the newspapers and on television and radio, the issue of equity in school funding based on local property taxes has been building. It seems certain to be addressed in 1997. Unfortunately though, the issue of affordable housing and the impact of tax burdens on low income households has not been properly articulated or addressed.

To begin to address the impact of property taxes on affordable housing, Chicago Rehab Network members adopted this issue at the June 1996 Annual Meeting, and

called together a "Property Tax Forum." The response was overwhelming. The meetings were attended by Chicago Rehab Network members such as Bethel New Life, Covenant Development Corporation, LUCHA and Uptown Habitat for Humanity. They were also attended by the Center for Economic Policy Analysis, the Leadership Council for Open Communities, and Latinos United. In addition, we have benefited from the pro bono council of the affordable housing law firm of Holleb and Coff and the property tax law firm of Ralia and Associates.

The Forum has met monthly since September of 1996 and has reached out to Cook County Commissioner John Daley, who referred the group to staff members within the County to continue to address this issue. The group has also been in contact with members of the Cook County Assessor's staff.

Momentum is building around the issues of taxation, funding of municipal services, and regional equity. The Chicago Rehab Network and member and allied organizations stand poised to assert that affordable housing must be a part of any discussion that addresses property taxes.

Safe, decent and affordable housing is one of the keys to the building of healthy and vital communities throughout the city, the county and the state. We cannot address issues of inequity in school funding or regional municipal revenue sharing in a manner that will benefit those whom we intend if we are simply shifting the burden from under-funded schools to over-taxed housing.

We must constantly and vigilantly continue to come back to the principal of highest and best use. It is a question of choice: will we choose a society that is dictated by the market, leaving those unable to afford the market paying over half of their income for a substandard and dangerous home? Or will we chose a

society that recognizes the need to fill gaps in the market, providing affordable housing and quality schools for everyone? The former may offer the highest of uses, but the latter certainly offers the best.

The Chicago Rehab Network invites you to join us in this process. Contact Kevin Jackson at the Chicago Rehab Network at 312.663.3936.

Brown, continued from page 15

access to jobs, education, and transportation. The upper income residents benefit from a stronger, more stable community, a ready, willing, and able work force that is employed in the community and helps keep businesses in the community, and a diverse tax base. Both groups of residents benefit from the diversity of the community.

Low income communities that attract middle income residents benefit from the amenities that develop in the community in response to the increased spending in the community. These amenities, such as grocery stores, banks, etc., grow into other benefits such as job opportunities and a better quality of life for current residents. New residents gain access to the many benefits that a diverse city life has to offer, such as cultural institutions, infrastructure, and proximity to work. We must be careful not to push the current residents of low income communities out under some misguided notion of highest and best use and, at the same time, not restrict new development opportunities in these same communities. At the other end of the spectrum, we must create new mixed-income communities in upper income communities while maintaining current residents' faith in the value of their community. When we accomplish a truly mixed-income city, we will have built a strong and stable city of which we can all be proud.

Shiller, continued from page 1
money, and there's a big hullabaloo.

"We've done a lot. But hopefully it's been done in a way, and will continue to be done in a way, that allows for people to get used to it, and to participate in it, and also to benefit from it. We are trying to create some owner-occupied two flats. I am working very hard at piecing together partnerships to make sure that they could be affordable to a real breadth of people, of different incomes. We're working with a number of banks to ensure that young people who work in the schools for instance would be able to purchase some of these homes."

But the Mayor has blocked this project, because he wants to put a park there. "There's an alley behind it, and on the other side of the alley, there's a branch of a school, and he has got it stuck in this head, they tell me, that this has to be a park.

"The absurdity of it is that across the street from this land is a park that is one of our biggest problems in that area of the neighborhood, because we can't keep it secure. And part of the reason we can't keep it secure is that we have a huge empty lot across the street. The difference between having housing there, and nothing there, is the difference between having 24 hour presence of people on that side of the block."

City Hall's foot dragging seems even stranger because the project is exactly the sort of mixed-income homeownership opportunity that everyone says Chicago, and neighborhoods like Uptown, ought to have more of. "The people who live across the street want to make sure that there is a mix of incomes, because they want to make sure they could have the opportunity to move in, if they wanted to stay on the block, and not stay in a high-rise.

"Why we wouldn't want to proceed with it is unfathomable to me. The only thing I really do believe is that the Mayor's stuck on it. How

Continued on page 18

he got stuck on it though, I have no idea.”

Over the years she has been alderman, Shiller believes Uptown has demonstrated that development can be done without wholesale displacement. Uptown has also had its share of wholesale TIF kinds of things, where you package everything up and certain individuals get a lot of money, but they’ve displaced thousands of people, and worked against Uptown’s diversity.

The most obvious example has been Urban Renewal. “Before the war, Uptown was a pretty strong middle class community. Since World War II it’s been a port of entry for different kinds of people. I suppose a lot of it had to do with the housing stock. Each decade brought some change, an influx of different groups. It was driven by development opportunities. It wouldn’t have happened otherwise. There were lots of people who were here because someone else was making money off of their being here. People profit from bringing other people in.”

The city marked Uptown, with its increasingly diverse residents, as a community in trouble. “In the late 60s, in one neighborhood after another, the city made announcements of future developments which set a speculative process in motion that was devastating to thousands of families.

“The examples were Truman College, Arai Middle School and the Uptown Health Center. People lived in housing on those spots. But by the time those projects were built, their housing had been burnt down,” or milked to the point of being uninhabitable. “The owners knew the city would take the building, so they literally just took the rent and put absolutely nothing back in, not even paying utilities, so system by system would go out in the buildings.” Afterwards, people could say removing that housing was a positive thing.

They could also say it was an example of government and the

development market working hand in hand for wholesale redevelopment - forgetting, or ignoring, the real people whose lives are impacted. The residents’ input has not been solicited, because they were never considered to be part of the plan. That attitude has also worked against Uptown.

“In the early 80s, 2 areas of Uptown were designated as historic districts. Each was driven by a single developer, actually. So they could get tax credits on a bunch of buildings that they had acquired wholesale. In one area, the developer kicked families out of them and then tripled, in some cases quadrupled the rent. And then ended up holding the units vacant for as many as 4 or 5 years.

“The message I’ve gotten for 25 years from people displaced by development in Uptown is: ‘Why can’t development work for me? Why is it ‘good’ development when I’m not included, and no development at all when I am?’”

“And he had deep enough pockets to do that, which was really scary.

“That happened in 2 different areas, and by 2 different developers. At one time or another they each made it clear that their objective was the creation of Lincoln Park North.

“The opposite of that would have been for things to be rehabbed and redeveloped so people could stay here, and to create opportunity for more people to live here. Rather than the other, which encouraged more buildings to become more expensive. A lot of this has to do with how you do one thing and it sets another thing in motion with the market. By the time I became alderman, there had

been over 10,000 units whose affordability had been lost.

“Development isn’t good for the sake of development, and it shouldn’t be considered that. The real problem we have is that it is. And the people who do development are considered better and mightier and holier than the rest of us. And therefore, we are given a message that we can’t even hold them accountable - or ask questions.

“The message I’ve gotten for 25 years from people displaced by development in Uptown is: ‘Why can’t development work for me? Why is it ‘good’ development when I’m not included, and no development at all when I am?’

“What I’ve learned from developers is that if they’re challenged, they’ll respond. Since I’ve been alderman, there was always an assumption that I was against any kind of development, and you couldn’t do development here. That wasn’t fair. The other side of that coin was that the developers who came to see me were people that had thought through that and said ‘Okay, well maybe I can do something she would be interested in.’

“Well that’s a good thing, because out of that has come some pretty creative ideas. We’ve had some remarkable things done by people up here, and I don’t know if they would have done it elsewhere.”

Alderman Shiller does believe that Uptown is, and could remain, a mixed-income community. But Chicago would have to have the will to maintain that diversity. It’s a will Chicago doesn’t always jump to demonstrate in Uptown, or in other areas.

She uses the building code as an example. “The building code could really be used to target areas that are at risk of losing the housing structure, as a vehicle to work in partnership with the community to preserve the housing. But that’s not how it works.

“You have an empty structure that is potentially a great building.

You have somebody who's milked it and everything else, and walked away from it. The city certainly has the ability to acquire it if they want to and transfer it to anyone they want to transfer it to. There are a lot of vehicles we have to make that a viable property for a family to live in, and instead, we react to complaints about the building being there - legitimate complaints about the potential for danger in the building. We say bricking up a building to make it safe is too expensive. But we have no problem spending millions tearing the same buildings down.

"The Department of Housing will say they acquire and transfer properties that have been abandoned to developers for affordable housing. And on a small scale they do. But look at the numbers. In 1987, we had finally gotten to the point in this city where the number of units we were losing to demolition were closer to even with the numbers of new units being created. Today, we are demolishing something like twice as many units as are being created.

"We do not, in this city, look at city services from the point of view of the end result. That's my experience. It's really what's put into it. If you challenge city services, they tell you what they put into it, and then assume that means its done.

"The difference between the two is massive in terms of the potential for existing housing. But we don't look at problems in that way. Instead, it's always a very defensive and reactive thing. Where you're just always going to look to blame somebody else. And I don't think the people in this city can afford that."

Letters to the Editor

The following letter is in response to articles about demolition in the Fall 1996 issue of The Network Builder. If you would like to comment on something you read in The Network Builder, please address your letter to:

*The Network Builder
The Chicago Rehab Network
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The fall issue of The Network Builder brought many important opinions and concerns regarding the availability of housing and the status of buildings in Chicago to the forefront.

As Commissioner of the City of Chicago Department of Buildings, I was pleased to be asked to submit a piece for that issue and in it I stressed how vital the practice of preventive building maintenance is to the City's neighborhoods.

After reading the many articles within that important issue, I would like to reiterate the fact that the Department of Buildings works closely with the Department of Housing and the Department of Planning and Development in order to identify opportunities to build housing and businesses where structures have been razed. This commitment is ongoing and important to the city.

Restoration of buildings is absolutely essential in order to maintain the city's building stock. Unfortunately, problems arise when owners lack interest in their properties. Owners are sometimes not in any position to restore or even maintain their buildings. Demolition becomes unavoidable when owners don't live up to their end of the bargain by keeping their buildings in good condition. When opportunities arise that may allow the City of Chicago to preserve a building, efforts are made to do just that. Too often, though, buildings remain vacant for long periods of time and crime is the result. That is why demolition is necessary.

It's solely up to building owners to keep their buildings in good repair. If community members are concerned about dangerous structures and preserving buildings within the neighborhoods they must make it a priority to put pressure on building owners to repair problems before the buildings become abandoned. Once an owner walks away, it's much harder to repair or restore a structure.

In order to increase the knowledge of owners and landlords in the City of Chicago, the Department of Buildings, in conjunction with the Chicago Police Department has implemented a pilot Landlord Training Program which instructs building owners about the ways to keep drugs and criminal activity out of their structures as well as how to keep the building in good structural condition.

If community groups or landlords are interested in attending the Landlord Training School, please call the Department of Buildings (312) 744-3430. The TTY number for people who are deaf or hard of hearing is (312) 744-2951.

I'm confident that these city efforts coupled with the work that many wonderful community groups each day will result in brighter neighborhoods for all Chicagoans to enjoy.

Building Commissioner Cheryl T. Thomas

Rivera, continued from page 13

public policies that assure that local strategies are successful. It requires that schools respond to local needs by stimulating the development of local leadership responsive to those needs. With the help of local governments, members of that community need to create avenues to reach educational and financial opportunities within as well as outside these neighborhoods.

For example, a few years ago, LUCHA developed Borinquen Apartments, a 37 unit project developed using government subsidies and employing local residents. Local leaders came together to advocate for the subsidies. Then LUCHA contracted Humboldt Construction, a community controlled construction company owned and managed by Bickerdike Redevelopment Corpora-

tion, to rehab the three buildings using local subcontractors, who bought materials and supplies from local vendors. In this way, we assure that the development dollars are recycled back into the community and create jobs locally.

Models like these require the commitment of the public and the private sectors. These sectors must commit to recirculate the wealth generated in a community to support residents in their economic, career and housing goals.

The alternative model of bringing people of higher incomes into low income communities has proven to destabilize low income communities. Poor residents are pushed out of the neighborhood by higher market values, higher rents and increased property taxes. Cultural

intolerance becomes a daily experience. The cultural pressure on low income residents is unbearable; what was culturally acceptable before the arrival of the newcomers becomes anathema. For example, younger minority residents cannot be together in the streets because new residents feel uncomfortable about their presence. The economic and cultural tensions become unbearable to those in positions of less political power. For community developers, creating affordable housing becomes extremely difficult because of higher acquisition costs, organized community resistance and political infights.


Which model should we select, the one that provides for long term stability and growth, or one conducive to displacement, gentrification and homelessness?

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