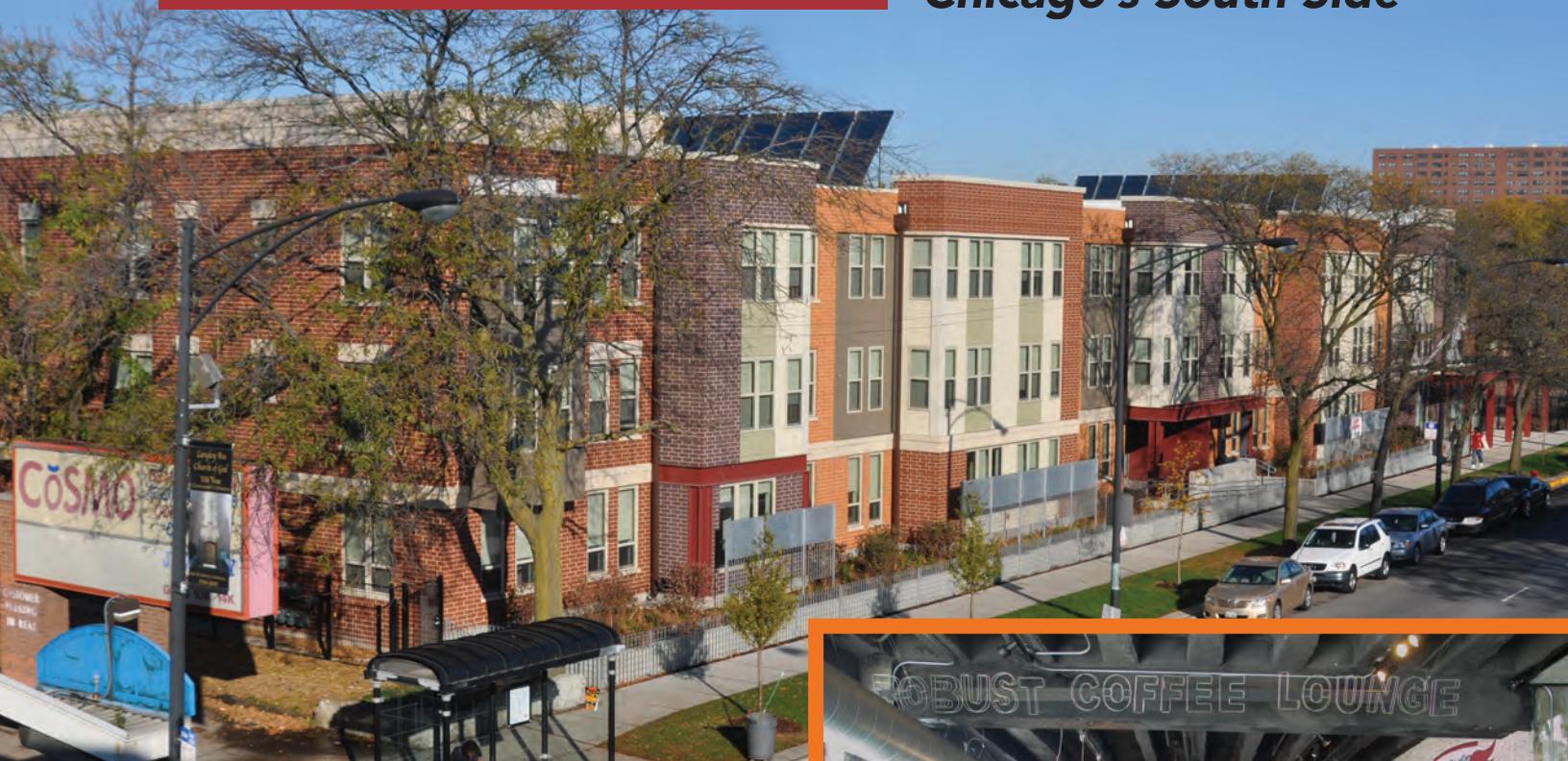


# Tax Credit Advisor

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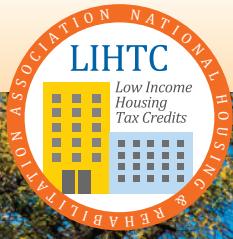
## Building Neighborhoods

**POAH's massive redevelopment on Chicago's South Side**



**Ruckus in Rockford**

**The Real Seniors on Campus**



# The New Old Neighborhood

## POAH's massive redevelopment on Chicago's South Side

By Bendix Anderson

In 2010, Woodlawn, a neighborhood on Chicago's lake-shore about eight miles south of the downtown Loop and just south of the much more-expensive Hyde Park neighborhood, was blighted by vacant lots and abandoned buildings. It had been hit especially hard by the housing crash. The foreclosure rate in the neighborhood was well-above the average for the city, or even the South Side.

In between Woodlawn and the bustling life of the University of Chicago campus a few blocks away in Hyde Park stood a privately-owned, project-based Section 8 property with a terrible reputation in the neighborhood. The squat, brick buildings of Grove Parc Plaza lined Cottage Grove Avenue, one of the neighborhood's main streets, with 504 crumbling apartments.

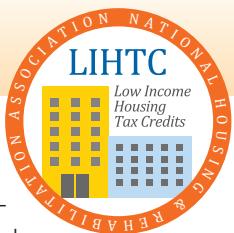
"The apartments were badly deteriorated," says Bill Eager, Vice President for developer Preservation of Affordable Housing (POAH). The property had failed several inspections from the U.S. Department of Housing and Urban Development. In 2006, federal officials announced their intention to cancel the contract to provide rental subsidies.

Enter POAH that has led a massive neighborhood redevelopment that will eventually replace all 504 apartments at Grove Parc with new apartments with project-based Sec. 8 subsidies, in addition to hundreds of additional apartments affordable to residents earning a mix of incomes. The giant redevelopment, which has good public transportation access, is now more than halfway complete.

"I have witnessed an incredible comeback," said Chicago Mayor Rahm Emanuel. "Crime is down and hope is up."

Since construction began in Woodlawn in 2011, the rate of violent crime in the neighborhood has fallen 40 percent, according to city officials.

The redevelopment in Woodlawn began with the demolition of hundreds of failing, privately-owned Sec. 8 apartments. All of those Sec. 8 units will be replaced, either in the neighborhood or nearby. The redevelopment plan has grown into a massive \$200 million enterprise to build more than 1,000 new units of housing affordable to residents earning a mix of incomes, in addition to new schools, services and commercial space supported



by a Choice Neighborhoods grant.

Just this summer, construction started on the first building in Woodlawn in more than 50 years where close to half the apartments will rent at unrestricted "market" prices. Private developers are also beginning to build for-sale housing. Also this summer President Barack Obama announced plans to bring his Presidential Library to the neighborhood.

"Our goal is to drive a redevelopment that changes the community for generations," says Eager. "Some of that is beginning to happen."

### Total Replacement

POAH began to demolish apartments at Grove Parc in 2010. "The demolition of Grove Parc eliminated probably the biggest problem property in the community," says Eager. "Everyone who was a resident at that time is guaranteed a new home in Woodlawn Park."

POAH has already opened nine properties in Woodlawn, starting with its first ribbon-cutting in 2011. These include four new properties and five rehabilitations of older buildings.

So far, they add up to 420 apartments. These nine properties have replaced 266 of the 504 project-based Sec. 8 apartments demolished at the old Grove Parc with new apartments that are affordable to very low-income residents with help from project-based Sec. 8 rental subsidies.

By 2017, POAH plans to start construction on developments that will bring the total number of new apartments with project based Sec. 8 subsidies to 378 in the Woodlawn neighborhood. POAH is also building another 126 new Sec. 8 apartments within five miles of the original site of Grove Parc in Woodlawn.

In the same year that POAH demolished the first few apartments at Grove Parc, the developer began construction of The Jackson, also known as Woodlawn Center South.

It was the first new construction on Cottage Grove Avenue south of 61st Street in 25 years. The \$21.1 million development opened in August 2011 with 67 new apartments. Of those, 60 have project-based Sec. 8 rental subsidies to replace apartments demolished at Grove Parc.

"We front-loaded the redevelopment with more replacement Sec. 8 units and fewer 'market-rate' units than we hoped," says Eager.

It took some work at first to show city and state housing officials that the demand for rental housing in Woodlawn

was strong enough to support even apartments affordable to low-income households – let alone unsubsidized apartments with unrestricted rents.

"It is difficult to sell a community when the markets are down," says Eager. "It was the bottom of the market hit when we were getting started."

POAH's first development in Woodlawn also established the developer's commitment to sustainable design. The Jackson earned a Leadership in Energy and Efficient Design (LEED) Platinum certification. It includes a solar thermal hot water system, extensive stormwater retention and landscaping. The building won the 2013 Residential Energy Efficiency Award in the 'Multifamily' category.

### Choice Neighborhoods

The redevelopment of Woodlawn got a huge boost in August 2011, when it received a \$30.5 million grant under HUD's Choice Neighborhoods Initiative.

In many ways, Choice Neighborhoods is the next generation of HUD's HOPE VI program, which once provided grants to transform public housing developments to become mixed-use, mixed-income communities, says Eager.

The Choice Neighborhoods grant allowed POAH to expand its plan. Including the projects planned to start construction next year, the \$30.5 million grant will have been leveraged to help finance more than \$200 million in new development by 2017.

"This deliberate process of leveraging resources responsibly and in partnership, with a holistic emphasis on community, is positively impacting the Woodlawn Community in a way that we all can be proud of," says Willie B. Cochran, Alderman for the 20th Ward.

Chicago was one of just five cities nationwide to receive the first-ever Implementation Grants awarded under Choice Neighborhoods.

"Woodlawn Park is exactly the kind of development HUD had in mind when the Choice Neighborhood Program was created," said Housing Secretary Julián Castro. "A mix of incomes, a mix of land uses – that anchor schools, new businesses and the safe environment that are the hallmarks of a sustainable community."

Since receiving the Choice Neighborhoods grant, POAH has started construction on two new buildings. The Grant at Woodlawn Park opened 33 new apartments in November 2013 – including another 29 units with project-based Sec. 8 rental subsidies.

The Burnham at Woodlawn Park, also known as

Woodlawn, continued on page 16



## Woodlawn, continued from page 15

"Woodlawn Center North," opened in October 2015. All 65 apartments for seniors receive project-based Sec. 8 rental subsidies.

Like POAH's first phase at Woodlawn Park, the new buildings both earned LEED certifications for sustainable-design features, like extensive insulation, in addition to gardens and rain barrels to catch and retain water from heavy storms.

POAH has also bought and fixed up 18 buildings in the neighborhood around the old Grove Parc site – for a total of 255 rehabilitated apartments. That includes another 112 apartments with project-based rental subsidies.

Reclaiming troubled buildings has been an important part of stabilizing the neighborhood, according to Eager.

These rehabs include a mix of apartments subsidized with federal Low-Income Housing Tax Credits that will be affordable to low-income households and also apartments without affordability restrictions that will rent at prices set by the local market.

POAH has certainly shown that the housing market in Woodlawn can support these apartments.

"All of the phases at Woodlawn are fully-leased or almost fully-leased," says Eager. "We've been able to prove that we can do it."

In July, the new development in Woodlawn took another new step forward, when POAH started construction on the first new building in more than 50 years where close to half of the apartments rent at unrestricted "market" prices.

When it opens in 2017, the \$12.5 million Trianon Lofts will include 24 two-bedroom apartments and 7,000 square feet of commercial space. Thirteen of the apartments will be reserved for those earning between 80 to 120 percent of area median income – as low as \$49,200 for a family of two.

The Trianon's financing includes \$3.3 million in New Markets Tax Credit equity, \$3.3 million in HUD Choice Grant funds, a \$2.5 million City loan and a \$3 million private construction loan.

For-sale home developers are also coming to Woodlawn – though it has taken longer than POAH expected. "We had hoped to see more pure market-rate development by now," says Eager. "Finally, for-sale housing development is getting underway."

In September, developer KMW Communities bought

eight vacant city-owned lots where it plans to build nine single-family homes, 12 townhomes and four condominiums. Prices for the one- to four-bedroom homes will range from \$201,000 to \$595,000.

Greenline Development also plans to build nine 3,330-square-foot, single-family homes priced at \$475,000 on the city-owned lots it also bought in September.

## Tough challenges for Woodlawn

"New businesses are opening, abandoned buildings have been reclaimed," says Mayor Emanuel. But Woodlawn still has a lot of problems to overcome.

The population in the neighborhood is still just 24,000. That's a fraction of the 81,000 people who lived here in 1960.

The empty spaces left behind by this vanished population dominate the neighborhood.

Vacant lots and tattered buildings far outnumber the properties that have been redeveloped. Nearly 150 acres of vacant land and more than 350 vacant buildings line the streets, some owned by the city, some by private entities, according to a 2015 report by the design firm Gensler.

Nonprofit developers are helping new homeowners rehab some of these homes. Renew Woodlawn, a partnership between POAH, city officials and two other local nonprofits, plans to assist 20 prospective homebuyers by September 2017. POAH had already closed on six properties and had another 18 under contract, as of September. All these developments are signs that the property values in Woodlawn are beginning to stabilize. "Real estate prices are starting to climb in Woodlawn—you hear it all the time," says Eager.

## New schools and new services for the neighborhood

The Woodlawn neighborhood also still struggles with poverty. The average per capita income is just \$19,000 a year, a full \$10,000 below the average for Chicago. Unemployment is at 17 percent.

POAH's plan will bring services to these residents. That includes 80,000 square feet of planned retail and commercial space – often providing vital support to people living in Woodlawn.

There's a new job training center serving the first floor of POAH's new senior housing building, The Burnham,

Woodlawn, continued on page 18



Woodlawn, continued from page 16

for example. The Woodlawn Resource Center helps unemployed or underemployed individuals with financial coaching and career planning, employment services and access to income supports, like public benefits. POAH matched a \$525,000 grant from Local Initiative Support Corporation to create the \$1.05 million program. A 100-year-old Chicago social service organization, SGA Youth and Family Services, manages the center.

POAH also broke ground on its MetroSquash Center in 2014, next door to the University of Chicago's Medical Center campus. It's a 19,300-square-foot sports and educational facility for young people, with eight squash courts, four classrooms and community space for 300-plus youth, in 5th grade through college.

"When you make investments like this, other investments follow, creating opportunities throughout the neighborhood and lifting the economic fortunes of the entire community," says Mayor Emanuel.

Other organizations have joined the development boom in Woodlawn. In late 2017, the University of Chicago will open a new charter school, already under construction.

Two other schools have already opened in Woodlawn: the new Sonia Shankman Orthogenic School, a coeducational residential treatment program affiliated with the University of Chicago for children and adolescents in need of support for profound emotional issues, and New Hyde Park Day School, a specialized school for students with certain learning disabilities.

POAH is also working to bring retail services to the neighborhood.

"We think we are going to get an agreement for a new grocery store," says Eager.

### Obama's Library coming to Woodlawn

This summer, the neighborhood also received an unexpected vote of confidence from the President of the United States.

President Barack Obama announced that he would bring his Presidential library to Jackson Park, which is nestled between the Woodlawn neighborhood and Lake Michigan.

The \$500 million Presidential Center will include a library, museum and the offices of the Obama Foundation.

### Estimated Total Development Costs POAH in Woodlawn, 2011-17

#### COMPLETED PROJECTS

| Project                  | Total Dev. Cost      |
|--------------------------|----------------------|
| The Grant .....          | \$12,779,341         |
| The Burnham.....         | \$24,367,794         |
| The Jackson .....        | \$21,132,337         |
| 6157 South Evans.....    | \$883,510            |
| 6418 South Maryland..... | \$1,823,190          |
| Ingleside.....           | \$967,139            |
| 6456 South Maryland..... | \$1,563,550          |
| The Washington.....      | \$10,798,726         |
| Renaissance.....         | \$19,086,717         |
| Metrosquash*.....        | \$8,000,000          |
| <b>SUB-TOTAL .....</b>   | <b>\$101,402,304</b> |

#### 2016 CLOSINGS (In development)

|                        |                     |
|------------------------|---------------------|
| Trianon Lofts.....     | \$12,500,000        |
| Woodlawn Station ..... | \$29,068,100        |
| <b>SUB-TOTAL .....</b> | <b>\$41,568,100</b> |

#### 2017 CLOSINGS PLANNED

|                              |                     |
|------------------------------|---------------------|
| Woodlawn Roll-Up** .....     | \$28,250,980        |
| WE CAN Preservation*** ..... | \$15,000,000        |
| The Midway .....             | \$17,271,151        |
| <b>SUB-TOTAL .....</b>       | <b>\$60,522,131</b> |

#### TOTAL DEVELOPMENT COSTS .....

**\$203,492,535**

Caveats:

\* POAH did not develop Metrosquash, but we contributed to its development with a land donation on our site. We consider it part of Woodlawn Park

\*\* The cost of the Woodlawn roll-up is a little overstated because it includes refinancing previously developed phases

\*\*\* WE CAN Preservation number is a very rough estimate; deal is in underwriting now

It will be the first-ever presidential library built in the heart of an urban area.

"Michelle and I are thrilled the Presidential Center will be developed in the heart of Chicago's South Side, a community we call home, and that means the world to us," said President Obama. "We are proud that the center will help spur development in this key urban area and look forward to giving back to the people of Chicago – people who have given so much to us." **TCA**