



Keystone Initiatives Update

Innovative Solutions for Subsidized Buildings



In 2007, it seemed likely that the City of Chicago would permanently lose all of the affordable rental subsidies at Grove Parc Plaza, located in the city's south-side Woodlawn neighborhood. Antiquated design, inattentive management, and poor tenant-owner relations contributed to two failed U.S. Department of Housing and Urban Development (HUD) inspections, and ultimately brought the 504-unit property into foreclosure.

Instead, Grove Parc has emerged as a poster child for how even severely troubled buildings can be saved when public agencies, tenant advocates and affordable housing organizations develop systems for working together.

"At Grove Parc we have developed a plan to ensure all residents access to affordable rental housing, while creating a smaller and more manageable development that could serve residents better," said Dan Burke, Director of the Chicago Area office of Preservation of Affordable Housing (POAH), the not-for-profit developer that assumed ownership of Grove Parc in December, 2008.

Though the development will be torn down, all 504 apartments will be replaced, either within the new low-density, mixed-income development or the larger Woodlawn community.

To develop this innovative arrangement, POAH worked with The Preservation Compact's Interagency Council, Rental Housing Alliance, and Preservation Fund to preserve Grove Parc Plaza's Section 8 contract (providing subsidies to the property's low-income renters), finance predevelopment and engage the Grove Parc community.

In an unprecedented level of interagency cooperation, leadership from the City of Chicago's Department of Community Development and POAH collaborated with Interagency Council partners HUD and Illinois Housing Development Authority (IHDA) to preserve the existing affordable subsidies and successfully transfer property ownership. In this process, HUD negotiated the sale of the Grove Parc mortgages to the City of Chicago, who in turn assigned the mortgage to Community Initiatives, Inc., an affiliate of Preservation Compact partner, Community Investment Corporation, providing \$12.6 million in resources to advance the redevelopment effort. IHDA provided support by awarding Low Income Housing Tax Credits to the first phase of the Grove Parc redevelopment, Woodlawn Center South; a 67-unit LEED certified development to be constructed between 62nd and 63rd Streets on Cottage Grove Avenue.

Affordable housing lenders The Chicago Community Loan Fund (CCLF) and Local Initiative Support Coalition/Chicago issued \$750,000 and \$950,000, respectively, in predevelopment funding to POAH. CCLF's portion was drawn directly from The Preservation Compact's Preservation Fund.

As counsel to the Grove Parc tenant leaders, The Shriver Center, a Rental Housing Alliance partner, facilitated dialogue between The Grove Parc Tenants Association (GPTA) and POAH. GPTA has worked closely with the development process and has established relocation and design committees that meet regularly with POAH.

Ultimately, POAH will create a planned, transit-oriented development that can help revitalize the surrounding neighborhood while preserving affordable rental housing. In addition to mixed-income housing, the new redevelopment will feature 65,000 square feet of commercial and retail space, including two anchor stores.

The redevelopment will be completed in phases, scheduled to begin in early 2010 and continue through 2014, with every step reflective of the power of partnership and potential of preservation.

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