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Making Tough Streets A Little Friendlier

Bethel New Life transforms Chicago's west side

By Keith Schneider

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CHICAGO — A church-based community development corporation on Chicago's west side is using a recently modernized rail transit line as the backbone of an ambitious retail and single family home development plan that it hopes will transform some of this city's toughest streets.

One of the two pillars in Bethel New Life's development plan is Parkside Estates, an urban enclave of handsome two-story, three-bedroom, one-and-a-half-bath, single-family houses on North Hamlin Boulevard in the West Garfield Park neighborhood. They are two blocks from a busy shopping district on West Madison Street, one block from the elevated Lake-Pulaski rail station on Chicago's Green Line and across the street from Garfield Park. Both the neighborhood elementary and middle schools are within a 10-minute walk.

The other pillar is a planned \$4 million, 23,000-square-foot Transit Center that is to include shops and restaurants on the first floor, a day care center and employment office on the second floor and a walkway that connects the building to the Lake-Pulaski station. The Transit Center, which is to produce some of its own energy with photovoltaic generators, was designed by Chicago architects Doug Farr and Kevin Pierce.

The retail space is being marketed by James Matanky, whose firm, Matanky Realty Group, specializes in selling space in new and renovated inner city buildings and is also a joint venture partner with Bethel New Life in the Transit Center.

Demolition of the existing store on the site is to start in mid-March, with construction scheduled to begin in early May. The bulk of the financing for the Transit Center project is to come from \$3.5 million in city, state and federal grants. The balance — \$500,000 — comes from a construction loan and from Bethel New Life.

Together, Chicago city planners say, Parkside Estates and the Transit Center are proving that some of the same promising demographic and economic trends that are strengthening the Loop, Chicago's central business and retail district, are also helping to revive low-income and minority neighborhoods.

"We've seen quite a renaissance downtown, and what we've been trying to do is push development west and repopulate neighborhoods like West Garfield Park," said Brenda McKenzie, Chicago's deputy commissioner of planning and development. "Parkside Estates does that and so will the Transit Center. The main thing in the urban development game is know-how and persistence. Bethel New Life and Mary Nelson, the director, have that."

Founded in 1979 as the nonprofit social service arm of Bethel Lutheran Church, a prominent house of worship and a civic institution since it was founded in 1897, Bethel New Life has specialized in redeveloping existing inner-city properties. Bethel New Life has renovated more than 1,000 apartments for the poor and elderly in West Garfield Park and transformed the shuttered St. Anne's Hospital and its 9.2-acre campus into a center of housing, job training, health care, and performing arts.

Those projects and several smaller ones, Bethel New Life says, have generated more than \$100 million in economic activity in West Garfield Park, which is finally recovering from a series of race riots in the 1960's. The riots accelerated white flight to the suburbs and left the community with 23,000 residents — 60 percent below its peak population — and worrisome rates of drug abuse, crime, and unemployment.

Parkside Estates and the Transit Center represent a refinement of Bethel's development strategy. The projects constitute the



Photo: Steve Kagan

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first test of the organization's ability to build new structures and are intended to help redefine the neighborhood's reputation. "Developing in city neighborhoods like this one takes a lot more than assembling land, financing and a marketing strategy," said Ms. Nelson, who has served as Bethel New Life's president since its founding. "You say to yourself and your partners, 'How do we incorporate all of the things that will make our development succeed in an environment where people have become accustomed to hardship and failure and lenders don't expect success?'"

Part of the answer, explained Ms. Nelson and members of her staff, is to be much more methodical, patient and farsighted than most developers want or care to be. Another part is to reach out to influential civic leaders, other nonprofit organizations, lenders and city agencies.

By almost any standard, the custom-built homes at Parkside Estates, which start at \$145,000 and sell at the rate of roughly eight a year, are a bargain. Sitting on 30-by-125-foot lots, the homes come with full basements and energy-efficient lighting and insulation that significantly reduce utility costs.

Bethel is developing the homes on its own, and buyers can qualify for grants of up to \$40,000 from New Homes for Chicago, part of a \$100 million bond-financed program sponsored by the city to encourage home ownership among low-income households. While Bethel is selling the homes to any interested buyer, with no income ceilings, grants from the city program are pegged to income. For families of four, the \$40,000 grant would go to a household with a maximum income of \$40,740, with decreasing amounts available for those with incomes of up to \$61,000.

In addition, buyers are eligible for "location efficient" mortgages, a two-year-old mortgage instrument backed by Fannie Mae, the nation's leading buyer of home loans, which enables buyers who use public transportation or have only one car to qualify for larger loans. Under the terms of the mortgages, lenders can stretch the standard debt-to-income ratios because borrowers are estimated to be saving \$300 to \$500 a month in auto-related expenses. For example, for a 30-year, fixed-rate mortgage at 7 percent, having an additional \$300 a month directed toward a mortgage payment instead of a car would yield a mortgage approximately \$40,000 higher than otherwise.

When completed, the 50-home development will have a total cost of \$6.25 million. Home sales are financing most of the cost, with the balance coming from city housing grants, says Angela Vick, Bethel's vice president of real estate development. Half of the lots were made available at no cost to Bethel New Life by the Chicago Department of Housing after vacant buildings were demolished. The other lots, many of them empty, were acquired by Bethel through tax sales and averaged less than \$300 each. Half of Parkside Estates has been built, Ms. Vick said.

Just as crucial as its success in helping low-income residents become homeowners is the role that Parkside Estates is playing in what Ms. Nelson calls a "bold and audacious" plan that Bethel has set in motion to improve the quality of life in the entire West Garfield Park neighborhood. That plan includes 100 more single-family homes in two other neighborhood developments that would be valued at nearly \$20 million. Bethel has also been working to attract a bank to build a branch office on land partly owned by the agency near the train station and a supermarket for a site a block away.

The catalyst for Bethel's development plan, which urban specialists say is one of the most ambitious transit-oriented developments of any low-income urban neighborhood in the nation, was the Chicago Transit Authority. In 1992 the transit agency announced that because of declining ridership it wanted to close the entire Green Line.

Ms. Nelson joined a group of community leaders to call on the transit authority to modernize the line instead. Ms. Nelson argued that in a neighborhood where a third of the families don't have cars, the El station is a vital transportation link. Bethel New Life also asserted that just as the Lake-Pulaski station generated economic and civic activity throughout most of the 20th century, that central idea about the value of rail transit to an urban community could be revived and proven all over again in the 21st century.

With help from the Center for Neighborhood Technology and an array of other partners that included local Alderman Ed Smith, Bethel formed the Lake Street El Coalition. In July 1993, the transit authority withdrew its demolition plan and introduced a new \$300 million capital project to rebuild the Green Line, which was completed in 1996. Annual ridership on the line, which was 3.9 million in 1993, has increased about 10 percent a year since construction was completed and was 6.2 million last year.

"Chicago neighborhoods grew up and developed around the transit lines," said Sharon Feigon, manager of research and development at the Center for Neighborhood Technology, a Chicago-based non profit urban policy organization that helped to revive the Green Line. "There are a lot of neighborhoods in this city where that relationship has stayed strong and is going really well. And there are others, like West Garfield Park, where access to a transit line is helping to revive the neighborhood."

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was published by the New York Times on March 3, 2002. Reach Mr. Schneider at keith@mlui.org. For more of the Institute's first rate journalism about transportation, sprawl, agriculture, and economics, see www.mlui.org.