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To tackle a lack of affordable housing, nonprofits become developers

When you're a homeless shelter in a county with a deficit of 182,000 affordable-housing units, what do you do? Raise money, find property and get into the housing development business.

LISA BERTAGNOLI  

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For 34 years, Lincoln Park Community Services carried out its programs for homeless people in a rented church basement. This May, the nonprofit will move into a place of its own. "We're first-time homeowners," says board Vice President Lydia Murray, who is also a senior manager at Deloitte. The new space, a combination of new construction and renovation on Sedgwick Street in Old Town, will expand the agency's bed capacity to 68 from 35 and provide more space for programming.

Lincoln Park Community Services' new building is part of a mini-boom among nonprofits that serve homeless people. Frustrated with the **lack of affordable housing** in Cook County —nearly 182,000 fewer units than people who need them—organizations are rustling up donations, grants and zero-interest loans and getting into the housing development business. At least five organizations have opened or are about to open new shelters; the kickoff happened in February, when La Casa Norte cut the ribbon for its \$20 million **Foundation Project** building in Humboldt Park. The building has 25 affordable apartments, a professional kitchen, space for a health clinic and a hangout room for teens.

"What we are seeing is more optimism" after a decade-plus of budget cuts and lack of financing from the state, says Joe Neri, CEO of IFF, a local nonprofit that lends and

consults to nonprofits on real estate projects. "There is some sense that boards are starting to feel comfortable about expansion."

As is often the case with affordable housing and shelters, though, nervous neighbors are a hurdle. Lincoln Park Community Services held several meetings to soothe homeowners concerned that another shelter was coming to the area. "There was some pushback on density. . . .Are we hitting critical mass?" says Ian Tobin, executive director of the Old Town Merchants & Residents Association. It's all good now, he says, as LPCS has done "an excellent job" on community relations, even hiring cleaning teams to keep streets and sidewalks tidy.

Here is a snapshot look at four building projects.



Lincoln Park Community Services

LINCOLN PARK COMMUNITY SERVICES' NEW OLD TOWN BUILDING

Opening: May

Cost: \$14 million

Financing: \$4.5 million from the Illinois Housing Development Authority, \$2.5 million from the city of Chicago, \$300,000 from the Federal Home Loan Bank, \$2.3 million in equity, and \$4.4 million in loans and mortgages to be mostly retired in three years by a capital campaign.

Why: The organization, founded by four churches, has 35 beds and program facilities in a church basement. The new building expands bed count to 68 and allows it to double its daily breakfast and dinner service to clients. A medical center and drop-in space round out the new digs.



New Moms

NEW MOMS' 21,700-SQUARE-FOOT BUILDING IN OAK PARK

The building includes 18 affordable one- and two-bedroom apartments for its clients, who are young mothers and their families.

Opened: March 15

Cost: \$7.2 million

Financing: Just more than \$5 million in a zero-interest, 20-year loan from the Illinois Housing Development Authority, with private donations funding the remaining \$2.2 million.

Why: Cook County has 181,794 fewer affordable homes than families who need them, according to a [2018 study](#) from DePaul University's Institute for Housing Studies. That lack "pivots us into being a developer of housing," says Laura Zumdahl, CEO of New Moms. "That's not how we started out, but it's a strategy to help our families become successful." The project adds to New Moms' existing portfolio of 40 apartments. The organization is in early talks with for-profit housing developers about a joint project to erect another batch of affordable apartments, Zumdahl says.



Sarah's Circle

A NEW BUILDING IN UPTOWN FOR SARAH'S CIRCLE

The building will contain 38 apartments, the agency's 50 interim-housing beds and support services.

Timeline: Groundbreaking in June, with a projected 2020 opening

Cost: \$18.5 million

Financing: A **\$14 million grant** from a private donor, \$3.5 million in tax-increment financing, and \$1.5 million from individuals and foundations.

Why: Sarah's Circle owns one building, with 10 apartments, and rents space for its interim-housing program. By building, "we are creating assets that will last for decades," says Kathy Ragnar, executive director. Gathering programs under one roof cuts operating costs. The agency has started looking for a site for a third building to build and own.



The Night Ministry

THE NIGHT MINISTRY'S RELOCATION OF ITS OVERNIGHT SHELTER AND HEADQUARTERS TO BUCKTOWN

Timeline: Renovation underway, with a planned Nov. 1 opening

Cost: \$4 million for the facility; \$1.2 million for three years of operating costs.

Financing: About \$2 million raised so far from individuals and foundations; the organization can tap a \$3 million construction bridge loan from CIBC Bank if necessary.

Why: The building housing **the Night Ministry's** decades-old administrative offices in Ravenswood was sold and is being converted into storage. The organization looked for properties to own or rent, and it decided to rent when a three-story building on North Ashland Avenue became available. The new space, on three floors, is big enough for administrative offices and for program improvements to the Crib, its 21-bed overnight shelter for homeless young people. The shelter will have real beds, not mats on the floor; a separate kitchen and dining area; plus showers and bathrooms for clients. There are also parking spaces for the Night Ministry's two Health Outreach Buses, which provide health care for homeless people.

The organization's new home is across from a school and a public park, and thus drew plenty of protest. "We know to expect some pushback," says CEO Paul Hamann. "It's a matter of knocking on doors, going to meetings, education." Hamann says 142 supporters of the project, many from the neighborhood, showed up at the meeting of the Zoning Board of Appeals, which approved the project.

Letter — to the — Editor

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