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The anti-gentrifier who's saving the former Lawson YMCA



By MICAH MAIDENBERG |

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The former Lawson House YMCA on Chicago Avenue is a short walk west of the posh shops of the Magnificent Mile. It's the largest single-room-occupancy building in the city, with **583 apartments** that rent
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properties sprouting

ed in the property.

instead, he wants to ensure that it remains an enclave for the less fortunate. He's teeing up a \$100 million renovation of the art deco gem meant to keep it accessible to lower-income renters for decades, a project that will dismay some neighbors who'd prefer to see the Lawson House's poorer residents pushed aside.



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area right here, this is it" in terms of relatively cheap housing, Holsten says. "That's why it's so important to save the property. Without this, there'd be a lot of people looking for housing and maybe not finding it. This is it."

'JUST SORT OF HAPPENED'



Downtown Chicago's changing housing mix

years ago, Holsten didn't expect to become one of the best-known affordable-housing builders in the just sort of happened," he says. Rather, he got into real estate to be his own boss, and the self-described liberal's social conscience makes such deals a good fit.

His status is unquestionable, one gained from complicated, multiyear developments like **Wilson Yard in Uptown** and the ongoing **remake of Cabrini-Green**. "He's done some really challenging projects and pulled them off really well," says Richard Sciortino, president of Brinshore Development, a Northbrook real estate firm.

Housing developments for the working class have never been simple. Rents in near downtown neighborhoods **are rising**, displacing low-income residents, and many households **struggle with housing costs** around the city. Single-room-occupancy properties, long a source of cheap housing, **are disappearing**. Below-market-rate housing also requires big public subsidies, which are harder and harder to come by.



STEPHEN J. SERIO

Lawson House YMCA, left, at 30 W. Chicago Ave. Resident Sandra Hudson searches for jobs in the facility's Life Development Center.

“I think people, in different ways, are struggling with the growing demand for rental housing, in particular affordable rental housing. That's where you see all these issues coming up,” says Geoff Smith, executive director at the Institute for Housing Studies at DePaul University.

Besides finding money, these deals require Holsten to wrestle with race and class issues in ways that usually don't show up in purely market-driven developments. Holsten and his wife, Jackie, even operate a nonprofit that helps lower-income renters with a range of social issues.

Appeasing neighbors (or not) near development sites can be especially fraught, as was the case with Wilson Yard, a mixed-use project with below-market units that inspired a lawsuit and years of acrimony. “He put his heart and his life behind this,” says Helen Shiller, the former alderman in Uptown. “It was a very difficult project.”

“For better or worse, I have a reputation in the city of taking on very difficult developments,” Holsten says. “So when I walk into the funders, they say, 'Oh no, you again.' That's literally what happens.”

The YMCA of Metropolitan Chicago selected Holsten as the preferred developer of the building in 2013, transferring the property to him in December for \$1. As part of the deal, Holsten agreed to keep the building as affordable housing for at least 50 years.

Holsten has been working in real estate here since 1975, getting his start by purchasing and then rehabbing a 16-unit Albany Park apartment building. His related Chicago real estate firms now own about 3,000 units and employ 150 people. The companies, which do development and property management, might gross \$2 million to \$3 million annually and typically end the year with a few hundred thousand dollars in the bank.

The avuncular 65-year-old was born in Oak Park and grew up in the western suburbs, where he still lives with his family. He earned a bachelor's degree from the University of Wisconsin at Madison and an MBA from the University of Chicago and then spent 11 years working in sales and marketing for food-machinery manufacturers, pursuing real estate in his spare time. In 1986, he left his day job for good to focus on real estate.

Even as an elder statesman, Holsten is keeping his plate full. He also has been hired by the city of Joliet to help it grapple with a troubled apartment complex. Construction on another phase of the Cabrini-Green remake has started, and his firm is planning to **convert an empty former hotel** on the South Side into a 62-apartment building, with most of the units rented below market rates.

Back at the Lawson House, Holsten is moving more aggressively than the YMCA to fill up around 60 rooms that aren't leased today; he's doing some advertising, gets referrals from the city and social service agencies and through word of mouth. He's confident he'll be able to find the funds to upgrade the property but keep it affordable. “We, meaning us and our financing partners, we owe to these people to pull this off,” he says, referring to the building's residents. “This is a vital need.”

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Greg Gerber · 17 days ago

Thank you Peter Holsten. To your critics and the skeptics- before sniping you should know what you are talking about. Affordable housing, properly done and well-executed is very complicated and difficult. It is not a get rich quick scheme! We need affordable places for people of limited means to live in close proximity to transportation, jobs, etc. As a neighbor of the Lawson Y- thank you!!

4 ^ | v · Reply · Share >



willowcreek1 · 18 days ago

It is my understanding, that as the project begins and moves forward, they will also start weeding out some of the drug dealers, users and convicted criminals that have managed to

wedding out some of the drug dealers, users and convicted criminals that have managed to take up residency under the YMCA. If they can get rid of this element, it should be a more peaceful relationship in the neighborhood.

4 ^ | v • Reply • Share ›



merlin → willowcreek1 • 14 days ago

if a convicted criminal has served hi/ her s time, he should have the right to live anywhere he can afford. If he commits another crime. , that's different. But how can anyone recover from a conviction if they are treated as piarraha for life?

^ | v • Reply • Share ›



Susan Mullan • 17 days ago

Many blessings to Mr. Holsten and his family! You bring hope to the hard-working residents of our city! And further, it is my understanding that people like willowcreek1 thankfully have no stake or input on the project... convicted criminals??? REALLY?? People who commit a crime in their life deserve a home too!! How about you Mr. willwocreek bring some jobs to those drug dealers trying to feed their families...

2 ^ | v • Reply • Share ›



Bucktown → Susan Mullan • 17 days ago

Let's be honest here. Peter Holstein isn't doing this out of the goodness of his heart. He is doing it to make money. On a project like this he will make millions and the bankers, lawyers and consultants will also reap very large fees. A project like this gets 75%? 90%? from government subsidy in the form of huge tax credits that reduce the tax bills of very large fortune 500 companies.

4 ^ | v • Reply • Share ›



Vince Z → Bucktown • 17 days ago

Bucktown.....don't be so negative why don't you do a little research and gather some facts!!

1 ^ | v • Reply • Share ›



Bucktown → Vince Z • 17 days ago

Pretty sure my facts are correct.

1 ^ | v • Reply • Share ›



Peg Wolfe → Bucktown • 17 days ago

They are. My former law firm represented Mr. Holsten, and I monitored the legal work. Neither the firm nor he were exactly working pro bono.

1 ^ | v • Reply • Share ›



Jim Angrabright → Peg Wolfe • 16 days ago

Prove it, then. Why would anyone take the word of a commenter?

2 ^ | v • Reply • Share ›



Jim Angrabright → Bucktown · 16 days ago

Prove it, then.

^ | v · Reply · Share ›



merlin → Bucktown · 14 days ago

I'm confused. I thought development and making money were good things? if he can do it and do some good at the same time, I'm all for it.

developments like these that use public and private funds and require city, state and federal in put are incredibly complicated. They are probably the hardest thing to get off the ground and complete.

^ | v · Reply · Share ›



Bucktown → merlin · 14 days ago

Development and marking money ARE good things. The problem with it is that most of the profit here is coming from the your pocket (assuming you pay taxes) and mine. Affordable housing doesn't need to be complicated. The only reason it is complicated is because the government has its finger on every part of the process. Affordable housing costs significantly more to build because of the extra requirements and extra money spent with structuring the financing. I am not sure I advocate this either but it would be much more efficient to subsidize the rents or renter instead of the construction and development. More affordable units would be available with less government money.

^ | v · Reply · Share ›



merlin → Bucktown · 11 days ago

I certainly agree about the red tape involved in most affordable housing projects. I've worked on quite a few.

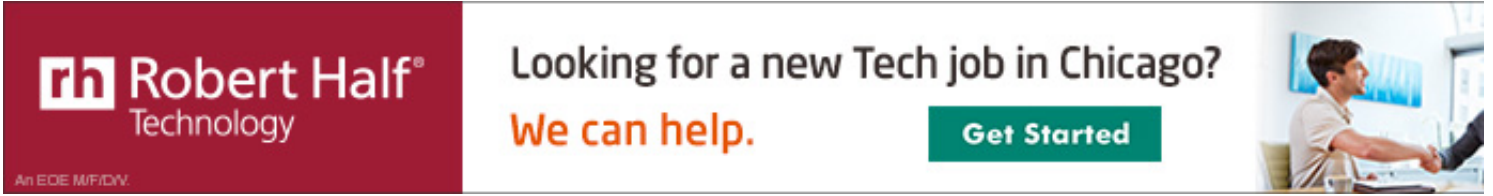
without some encouragement, I doubt much would be built. If a property owner or developer has a chance to build they will want to get the most for their money. And that's not renting studios for \$200-\$400 a month.

Most of the paperwork and hurdles to getting public money are in place to be sure that the people who get it use it for what they are supposed to.

Our politicians and bureaucrats are so concerned with covering eery possible scenario, and more than a few impossible ones they set the bar way too high. And they toss in lots of things to appease their political base. For example do you know that there is a form in City of Chicago contracts that you have to sign saying you are not doing business with


contracts that you have to sign saying you are not doing business with Northern Ireland? Still!

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