

CHICAGO NEWS COOPERATIVE

Suburbs Unite in Quest for Federal Housing Aid, but Are Shut Out

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When a federal housing agency asked dozens of suburban cities in the Chicago area to band together to request a share of a \$2 billion federal fund to help renovate foreclosed homes, they did exactly that.

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José Moré/Chicago News Cooperative

Karry Young, a developer from Maywood, at a foreclosed Chicago Lawn home, one of four he is renovating in the neighborhood.

But when the [Department of Housing and Urban Development](#) announced the awards as part of the federal stimulus program on Jan. 14, these cities got nothing, while Chicago — which had fewer foreclosed homes in 2009 — got \$98 million.

The disparity has left suburban mayors, real estate developers and residents with few resources to draw on as they address a growing number of boarded-up houses and overgrown lawns. The inability of the suburban cities to get federal money also raises questions about the effectiveness of an Obama administration effort to break down the crazy quilt of competing jurisdictions that often stands in the way of regional development.

Foreclosures are “a regional issue, where groups of communities can be negatively impacted by what’s going on in one or more of those communities or in the broader region as a whole,” said David Pope, village president of Oak Park, which has had a spike in foreclosures but has not been as hard-hit as other western suburbs. “The federal response and state response have been inadequate to the task up to this point.”

Suburban officials criticize the federal program, the Neighborhood Stabilization Program, which encouraged cities to unite to deal with regional problems but then sent the money to Chicago. The total number of suburban foreclosures is greater than that inside Chicago. In dozens of communities in South and West Cook County, the concentration of foreclosures — the number of foreclosed homes per 1,000 residential properties — is on a par with Chicago’s.

The Chicago metropolitan area has not been as hard hit as Las Vegas, Phoenix and several Florida cities where the real estate bubble expanded and then burst. Even so, foreclosed homes by the thousands — in any area — are a vexing problem because they invite vandalism and gang activity, depress values of surrounding properties and create upkeep and policing costs for towns.

To address such problems, suburban city and county governments united last year to apply for rehabilitation money as part of the \$2 billion stabilization program, a stimulus program intended to rehabilitate and resell the nation’s glut of foreclosed homes. Suburbs that stood to benefit from the application, which was assembled by the Chicago Metropolitan Agency for Planning, included Aurora, Berwyn, Cicero, Elgin and Joliet, as well as dozens of others in Cook, DuPage, Kendall, Lake and Will Counties. Combined,

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these suburbs had 41,321 foreclosures last year, while Chicago had 22,685.

The suburban governments had big plans for their \$78.7 million request. Had they received the money, they expected to rehabilitate 408 homes, demolish 121 blighted structures and develop 97 vacant lots.

Officials at HUD, which ruled on the applications, would not discuss specifics, but did note that requests topped \$15 billion nationally, more than seven times the \$2 billion allotted by Congress.

Chicago's \$98 million award is the fifth largest in the country and the second largest among cities, after Los Angeles. Ellen Sahli, who oversees the housing agenda for Chicago's Department of Community Development, said the city distinguished itself in its application by involving community organizations with expertise in affordable housing.

In an effort to ease a problem that crosses local jurisdictions, HUD asked neighboring counties and municipalities to submit joint applications. It also hoped cities would coordinate anti-foreclosure efforts into a regional strategy rather than laboring at cross-purposes. The suggestions aligned with [President Obama's](#) effort to promote local collaboration and strategic regional planning in metropolitan areas, which are the nation's economic powerhouses but are ruled by a patchwork of local governments that often compete at the expense of regional development.

But HUD did not take collaboration into account when evaluating applications for the federal stabilization program.

"We did submit a regional, interjurisdictional proposal, but there was nothing in their scoring criteria that rewarded that," said Lee Deuben, a housing and community development planner at the Chicago Metropolitan Agency for Planning who wrote the suburban proposal.

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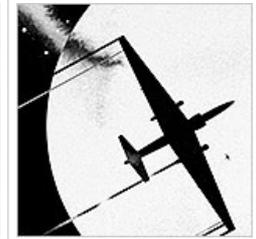
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