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Winners and losers in housing money-go-round



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Berwyn will be one of the last recipients of Partnership for Sustainable Communities seed money. (Antonio Perez/ Chicago Tribune photo / June 18, 2008)

Mary Ellen Podmolik
The Home Front
December 9, 2011

A few changes that came out of Washington in the past few weeks brought two pieces of good news and at least one disappointment to homebuyers, homeowners and community groups keen on improving their neighborhoods.

On the plus side, loan limits for mortgages backed by the **Federal Housing Administration** reverted to the levels they were at before Oct. 1. In the Chicago area, that means FHA-backed mortgages can be for as much as \$410,000, not the \$365,700 they dropped to this fall.

Mary Ellen Podmolik



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Also in the good news category was the \$40 million set aside for nonprofit housing counseling agencies certified by the U.S. Department of Housing and Urban Development for fiscal 2012. While it's a steep reduction from the previous budget of \$88 million, for a time those funds were entirely zeroed out of the budget.

The 21/2-year-old federal Partnership for Sustainable Communities, however, did not fare so well. Its grant funding was eliminated for fiscal 2012, which means a coalition of west suburban communities is the last local entity to receive a portion of the final \$96 million in grants recently awarded to promote neighborhoods with greater access to affordable housing and transportation while protecting the environment. The federal program, begun in June 2009, was an interagency effort of HUD, the Transportation Department and the **Environmental Protection Agency**.

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The three-year, \$2.96 million grant last month is particularly significant for the five communities — Bellwood, Berwyn, Forest Park, Maywood and Oak Park — because they've been working cohesively for some time and unsuccessfully applied for funding last year.

"We're just thankful we got in before the funds were eliminated," said Tammy Grossman, Oak Park's housing programs manager. "It was very competitive. For everyone who didn't get funded, they won't have this to rely on."

On a national level, HUD received more than \$500 million of funding requests.

With the grant in hand, each of the communities not only will update individual development and transit plans but also make sure they have a common theme as a region, Grossman said. Then, the collaborative will use \$2 million of the federal grant in the next six months to a year to establish a revolving loan fund that individual developers can tap for housing-related development in those communities.

How they got as far as they did before the grant was the result of another partnership grant, that one a three-year, \$4.25 million regional planning award last year to the Chicago Metropolitan Agency for Planning so it could provide free technical assistance to multiple communities.

The agency hired 10 full-time planners for the duration of its grant and expected to receive 35 proposals for technical assistance in the Chicago area. It got more than 220 and is actively engaged in 70 projects, including one that is likely to lead to the installation of streetlights and sidewalks in the unincorporated community of Fairmont in Will County.

Other projects included analyzing the water management system in Lake Zurich and developing a comprehensive plan for Blue Island.

The partnership grants not only promote long-range planning and leverage private investment, but they also provide help to communities that aren't adequately staffed or don't have the expertise to take on the work themselves, said Randy Blankenhorn, executive director of the Chicago Metropolitan Agency for Planning.

"Our local communities chase money, but the (federal) partnership really did the opposite," Blankenhorn said. "(It was), 'You tell us what your problem is and let's figure out how to make that happen.' That really is the right approach, rather than taking a square peg and fitting it into a round hole."

The partnership, and its early results, also got other communities to rally together and think collaboratively.

The challenge going forward will be to keep that momentum going without HUD funds. Lacking some outside assistance, Blankenhorn said, a small community like Fairmont would be unlikely to apply for federal funds for streetlights.

"Somehow, a program like this has to continue," he said. "We have to create a new partnership."