

## SUBURBAN CHICAGO COLLABORATIVES: A LOCAL INNOVATION TO SUBURBAN POVERTY

### BACKGROUND

Suburban Chicago—home to a complex and diverse collection of more than 280 municipalities—witnessed a rapid transformation over the past decade. Between 2000 and 2011, the number of poor residents living in the region's suburbs almost doubled, far outpacing the growth rate of poverty in the core cities of Chicago, Joliet, and Naperville (14 percent). As a result, by the end of the decade, the suburbs became home to the majority of the region's poor for the first time.

While changing population and labor market dynamics drove increases in suburban poverty even before the Great Recession, the foreclosure crisis in the late 2000s was particularly severe for the region's suburbs. It hit long-struggling older, inner-ring communities—like Chicago's south suburbs, which have dealt with economic decline for decades as manufacturing and steel jobs disappeared—and traditionally more affluent places to north and west of the city near today's regional employment hubs. By the end of the 2000s, Chicago's western suburbs faced foreclosure rates that outpaced both the regional average and the city of Chicago, while the south suburbs were home to the highest foreclosure rates in the metropolitan area. The rash of foreclosures across these places threatened to destabilize whole communities, a challenge that cut across municipal boundaries and far outstripped the capacities and resources of individual jurisdictions.

### THE INNOVATION

In response to the foreclosure crisis, suburban municipalities on Chicago's west and south sides formed interjurisdictional collaboratives to address shared challenges together, rather than compete with one another for limited resources.

In South Cook County, 19 municipalities banded together to create the Chicago Southland Housing and Community Development Collaborative (CSHCDC). At the same time, five municipalities in Chicago's western suburbs formed the West Cook County Housing Collaborative (WCCHC). With support from regional intermediaries including the Metropolitan Mayors Caucus, the Metropolitan Planning Council, and the Chicago Metropolitan Agency for Planning, each collaborative submitted a joint application for the first wave of federal Neighborhood Stabilization Program (NSP) funding—emergency assistance for state and local governments intended to stabilize home values in neighborhoods hardest hit by the foreclosure crisis. The collaboratives also received financial support from the Chicago Community Trust and the Grand Victoria Foundation, allowing each collaborative to hire a full-time coordinator—an individual in the case of CSHCDC and a registered community development financial institution (CDFI) in the case of WCCHC—to help them connect to regional, state, and federal resources and take the lead on crafting applications for public and private funding.

### ACCOMPLISHMENTS

Today, the CSHCDC consists of 23 Chicago Southland municipalities and has secured almost \$25 million for housing and community development through various government sources, including the Neighborhood Stabilization Program (NSP), the federal Community Development Block Grant (CDBG) Disaster Recovery Program, and the Sustainable Communities Initiative. With those funds, CSHCDC has begun to rehabilitate and demolish foreclosed and blighted properties, launched a Transit-Oriented Development (TOD) Fund, founded a land bank to facilitate the acquisition and repurposing of vacant and blighted properties, and created a geographic information system (GIS) mapping system to track demographic and economic trends and help neighboring towns prioritize a joint development pipeline to efficiently and transparently target investments. WCCHC has attracted over \$10 million in NSP, CDBG Disaster Recovery, and Sustainable Communities Initiative funds. Those investments have funded the rehabilitation of rental housing and foreclosed single-family homes, an update of comprehensive plans helped launch a TOD Fund, improved GIS and housing prioritization tools, and leveraged employer-assisted housing outreach and engagement.

# CONFRONTING SUBURBAN POVERTY IN AMERICA

In both collaboratives, new resources further bolstered the capacity of local housing counseling agencies to help generate demand for the new homes created, and helped attract attention from developers and financial institutions that recognized the benefits of supporting this new approach to housing and community development.

## CHALLENGES

In many ways, the collaboratives have been fighting an uphill battle since their founding. Though structured differently, each collaborative has encountered challenges and significant time delays while trying to navigate the multiple levels of bureaucracy involved in securing government funding:

- While CSHCDC received more than \$9 million from Cook County in the first wave of NSP, instead of funding the collaborative itself, the county funded 11 municipalities directly, citing concerns raised by U.S. Department of Housing and Urban Development (HUD) technical advisors about whether the collaborative could assume the liability of a municipality and whether it could function efficiently enough to expend time-sensitive resources. In doing so, it bypassed the efficiencies gained and savings associated with working as a collaborative.
- In the case of the WCCHC, because IFF, a registered nonprofit and CDFI, played the role of coordinator, the collaborative was able to avoid the fragmented NSP funding that occurred in the south suburbs. However, WCCHC faced additional challenges when it came time to apply for Community Development Block Grant (CDBG) Disaster Recovery funding. The Illinois Department of Commerce and Economic Opportunity expressed concerns of a conflict of interest if IFF were to play the roles of both coordinator and also real-estate developer, as it had with other grants. It took eight months of negotiation to come to an agreement: IFF would serve as coordinator, drawing on its in-house expertise to evaluate and select outside developers, but would not act as the developer itself.
- Though each collaborative has received key philanthropic support to fund the coordinator's role, they remain largely unable to collect administrative fees from the government funds they receive, hindering their ability to create a more diversified and sustainable model for funding a critical collaborative resource.

## IMPLICATIONS FOR POLICY

The Chicago collaboratives found ways to overcome fragmentation—and the redundancies and gaps in capacity and resources that can arise from a fragmented system—to create more effectively scaled, cross-cutting solutions. Learning from their experiences, government officials and funders can support the implementation of such strategies by taking steps to:

- Identify and reduce barriers to integration and collaboration, by clarifying where existing funding streams can already be used to support collaborative entities like those in the Chicago region;
- Explicitly reward integrated and collaborative approaches, by prioritizing such strategies in funding decisions, and offering incentives in application formulas for organizations or communities engaging in cross-border efforts that address shared challenges; and
- Build regional capacity, by seeding and scaling up the organizations and collaborative structures needed to pursue interjurisdictional approaches that increase access to opportunity for low-income people and places.