

Developing eTOD Incrementally in Washington Park

Start small but think holistically. That's how three entrepreneurs are building equitable transit-oriented development in Washington Park. It's a neighborhood with many assets, including three Green Line stations, proximity to the University of Chicago, multiple fiber optic cables, and a rich cultural history. However, Washington Park has struggled to capitalize on them with systemic disinvestment that has resulted in an unemployment rate of over 30% and a median income of around \$22,000. Proposed big investments, such as the bid for the 2016 Olympics and, more recently, the Obama Presidential Library, offered promise for the neighborhood in the recent past, but the results have been disappointing. In contrast, three neighborhood entrepreneurs are working incrementally to create the building blocks for eTOD: Bernard Loyd of Urban Juncture, Ghian Foreman of the Washington Park Development Group, and Theaster Gates of the University of Chicago's Arts+Public Life initiative.

Why approach eTOD incrementally? First, in an area struggling with disinvestment, small steps can demonstrate "proof of concept" and foster the foot traffic, new development, and quality of life improvements needed to attract additional market interest. Second, while neighborhoods like Washington Park struggle with access to capital, smaller-scale development allows for creative and incremental approaches to raise equity until proof of concept becomes known. Finally, incremental development can interface better with the needs of the existing community than a bigger development catering to new residents or an outside workforce. All three developers profiled in this case study have a vested interest in seeing their community succeed long term and ensuring that existing residents will benefit from the investment.

This case study explores how three community-focused incremental developers are starting small – and positioning Washington Park to better capitalize in its assets:

- *Urban Juncture* has been building a retail hub at the 51st Green Line station through storefront development, urban farming, and Boxville, a market constructed from shipping containers;
- *Washington Park Development Group* has advanced numerous projects in the community, including the redevelopment of Overton School and a data center; and
- *Arts+Public Life*, run through the University of Chicago, has redeveloped small and medium sized buildings at the Garfield Green Line station into arts and entertainment spaces.

This study profiles the entrepreneur behind each effort and their collective lessons learned. All three belong to L-Evated Chicago, a collaborative funded through the Strong, Prosperous and Resilient Communities Challenge (SPARCC) as well as the Chicago Community Trust. L-Evated is committed to accelerate eTOD in Washington Park and three other communities in part by connecting community development entrepreneurs to capital and cultural resources. As these case studies demonstrate, this access to capital can help entrepreneurs like those profiled below build on their incremental approach and reinvest in Washington Park from the bottom up.

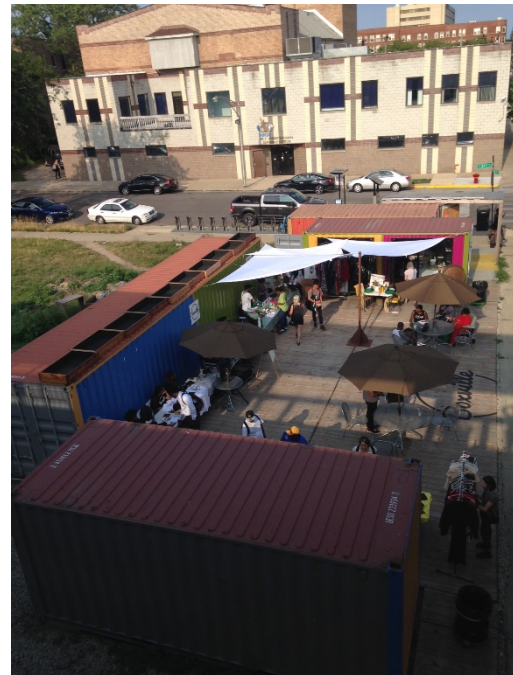
Case Studies

Bernard Loyd, Urban Juncture

In 2003, Bernard Loyd left his role as a partner of a management consulting company in order to create Urban Juncture (UJ), a community development corporation near Washington Park. Since then, UJ has launched several separate yet interconnected initiatives around the 51st Street Green Line Station to create a hub for community commerce.

Recognizing the majority African-American demographic of the community and its deep connections to African Diasporic culture, UJ decided to follow the model of food districts in Chinatown and Greektown and create a multi-restaurant Black food district on 51st Street, called *Bronzeville Cookin'*. The first component of the concept, a Jamaican jerk restaurant named *Bronzeville Jerk Shack*, opened in September 2015. UJ plans to open three more restaurants in and around the 300 East 51st Street building. Together, these businesses are expected to create more than 130 local, full-time jobs.

Another UJ initiative is *Boxville*, a plaza of several shipping containers-turned-retail spaces located on an otherwise vacant lot immediately adjacent to the 51st Street Green Line Station. *Boxville* began with the *Bronzeville BikeBox*, which opened in June 2014 to meet the demand for affordable bike repair services within the community. The *BikeBox* cost only \$10,000, took just seven months to develop, and led UJ to decide to expand the concept with several additional shipping container businesses in the same space. Because these shipping container businesses “require more sweat equity than financial equity”, as Loyd says, in addition to requiring minimal zoning or permitting, they represent a highly cost- and time-efficient method for establishing a physical presence and building foot traffic near the station.



Boxville generates summertime foot traffic around the 51st Street station on a Wednesday afternoon.

Finally, in addition to *Bronzeville Cookin'* and *Boxville*, UJ has also developed:

- *Bronzeville Community Garden* on the southeast corner of 51st Street and Calumet Avenue in 2010;
- A rooftop farm in 2015 on top of 300 E. 51st Street; and
- *Bronzeville Incubator*, a co-working and convening space on the second floor of 300 East 51st Street opened in 2016.

In order to finance its projects, UJ has turned to various sources. In addition to using over \$1 million of Loyd’s own private capital, UJ has utilized TIF funding, tax credits and subsidies on the local, state, and federal level, the Chicago Community Loan Fund, and crowdfunding. Through CNT, Enterprise Community Partners and L-Evated Chicago have also awarded a Culture and Climate Resilience grant to enhance public art and mitigate stormwater runoff at *Boxville* and in the *Community Garden*. Despite having taken advantage of so many sources of funding, UJ’s work is still most challenged by the limited amount of capital available within the community, preventing projects like *Bronzeville Cookin'* from progressing at a faster pace.

[CALLOUT BOX: Utilizing crowdfunding for community development

UJ has utilized “crowdfunding” platforms to raise debt funding from small community-minded investments in Chicago and nationally. The JOBS Act, passed in 2012, allows individuals with any level of income or net worth to make either debt or equity investments in new companies. Prior to this change,

only accredited investors, those with an annual income above \$200,000 or net worth above \$1 million, could make such investments. Now, because individuals at any income level can make debt or equity investments as low as \$100 via online tools like WeFunder, social entrepreneurs can tap a larger network of individuals for start-up capital.

Using WeFunder, UJ launched a crowdfunding campaign through which individuals of any economic status can invest as little as \$100 in debt in UJ. Bernard Loyd personally guarantees a 5% return over ten years. UJ investors have included local residents, national donors passionate about community development, and several unsolicited individuals.]

Taken together, UJ’s initiatives have had a visible impact on the 51st Street station area. Riders exiting the Green Line at the 51st Street station are visually greeted by the lush rooftop farm just feet from the station platform. On Wednesday evenings, Boxville turns into a community market with a variety of vendors and fills 51st Street with pedestrian life. The Bronzeville Incubator serves as an aesthetically-pleasing, sustainably-redeveloped coworking and convening space for local entrepreneurs. And the Bronzeville Community Garden serves as an community convening space, open twenty-four hours a day, seven days a week. Together, these initiatives have already produced benefits for the Washington Park community.

Ghian Foreman, Washington Park Development Group

Ghian Foreman formed Washington Park Development Group (WPDG) in 2004. WPDG is working on several different projects within Washington Park:

- The redevelopment of Overton Elementary School, closed by Chicago Public Schools in 2013, into 40 offices and a co-working space;
- *Midway Data Centre*, the redevelopment of the former *Schulze Bakery* at 40 E. Garfield Blvd into a Tier III+ co-location data center;
- *Armor Institute*, the redevelopment of the former Illinois Institute of Technology Main Building at 3300 S.

Federal Street into 102 micro and one-bedroom market-rate apartments; and

- *Legacy of Washington Park*, a green, fiber-optically connected 400-unit residential campus immediately west of Washington Park between 51st Street, 55th Street, Indiana Avenue, and King Drive. It is envisioned to be the “first green, wired community” within Chicago.



WPDG is redeveloping Overton Elementary School, a closed Chicago Public Schools facility, into 40 offices and a coworking space.

WPDG focuses on incremental steps to community reinvestment that deliver tangible benefits to the surrounding community and builds these improvements into the project pro forma. For example, the Overton School redevelopment will add a gymnasium and fitness center open to the entire community, rather than simply the building’s tenants. WPDG has also utilized its roots in Washington Park to ensure that the predevelopment process adds additional value for the community. WPDG has allowed local churches to use its vacant parking lots for projects not yet completed and hires convicted felons within the neighborhood to give them a second chance at employment.

[CALLOUT QUOTE

“You can’t always think about a bottom line or profit margin. You have to think about the hurdle rate: the minimum you need to do [on a given project] for the community to see benefits from it. You have to work incrementally, respond to community needs, and build momentum from within the community rather than outside of it”

-Ghian Foreman, Washington Park Development Group]

WPDG sometimes faces a lack of capital, due a combination of low rent and sale prices in the neighborhood and investor perceptions of crime. To overcome this, WPDG relies heavily on private capital generated through personal relationships. This includes equity provided both personally through family and friends as well as lending from local Community Development Finance Institutions and tax credits and subsidies.

2018 will be an important test of the WPDG approach. The company expects groundbreaking on Overton School by the first quarter, with movement on the rest of the project pipeline soon after.

Theaster Gates, Arts + Public Life

In 2001, visual artist and arts professor Theaster Gates teamed up with the University of Chicago to lead community-focused, art-based incremental development efforts within the South Side, under an initiative called Arts + Public Life (A+PL). A+PL is spearheading a multi-part project titled *Arts Block*, aimed at integrating arts and entertainment within the community by meeting a previously unmet need for creative and performative spaces.

Spanning Garfield Boulevard between Prairie Avenue and Martin Luther King Drive, the *Arts Block* will be comprised of several related components:

- An *Arts Incubator* at 301 E. Garfield Boulevard, recently completed, features 10,000 square feet of studio space for artists-in- residence, a woodshop for design apprenticeship programming, and additional program space for exhibitions and events. There are currently ongoing partnerships and engagement between the *Arts Incubator* and several community organizations.
- The *Green Line Arts Center* will occupy 317 and 323 E. Garfield Boulevard and include a 70-seat black box theater, rehearsal space, green room, dressing room, and lobby for gathering and exhibition.
- Adjacent to the *Arts Center*, A+PL plans to renovate the CTA station house into a kiosk for information about the neighborhood or as the entrance for the *Green Line Arts Center’s* theater.
- The *Arts Block Lawn*, planned for four parcels west of Martin Luther King Drive and currently owned by the City, will be a public green space and pavilion and will serve as a venue for community residents to enjoy free performances, workshops and other activities.



The Green Line Arts Center will add a 70 seat performance space across the street from the entrance to the Garfield Stop and adjacent to complimentary development.

Additionally, Theaster Gates has separately redeveloped two adjacent spaces, *Currency Exchange Café* and *BING Reading Room* at 305 and 307 E. Garfield Boulevard.

Together, the individual developments are intended to provide a mix of cultural, civic, and commercial spaces as a single physical presence on Garfield Boulevard around the Garfield Green Line Station.

Developing Incrementally: Lessons Learned

Each of these case studies started small and worked at the building-to-building or parcel-to-parcel scale to help Washington Park maximize its transit access, available retail storefronts, and existing building stock. Together, five key lessons emerge:

Starting small and focusing on community assets can yield results. Projects initiated on a smaller scale and in interaction with the community can have an impact. UJ’s *Boxville* started with a single rusted shipping container and has since blossomed organically into an entire plaza boosting foot traffic from the nearby Green Line station. WPDG has focused on maximizing community benefits as it adjusts the scale and pace of its projects to meet the changing needs of the community. And Arts + Public Life is focused on incrementally adding new uses on a storefront-to-storefront level, starting with successes like *Currency Exchange Café*.

Capital can be found in unlikely places. Community development projects in neighborhoods facing disinvestment like Washington Park do not always have a ready supply of traditional capital. However, community-focused entrepreneurial projects can generate equity from other sources and demonstrate proof of concept to a broader array of investors. For example, UJ has utilized crowdfunding to raise debt from non-accredited investors, many of whom found his initiative through online press. WPDG utilizes personal and professional relationships for much of its equity.

Lack of capital nonetheless remains a major challenge. Although UJ and WPDG have tapped myriad sources of capital, both organizations cited limited access to capital as the largest challenge they face. And even though Arts + Public Life is an initiative of the University of Chicago, a major institution with a strong financial position, the *Arts Block* is seemingly in need of more funding to go forward. In all cases,

it is funding, rather than a lack of creative ideas or demonstrated results, that slows the pace of development progress.

Perception of crime within the South Side continues to be an obstacle. The South Side struggles with its reputation for high rates of criminal activity, a reputation that can obscure anything positive happening within Southside communities. This perception presents a challenge for entrepreneurial community developers who seek capital from traditional sources and places added importance on entrepreneurial fundraising through personal and professional relationships as well as crowdfunding.

Relationships within the community matter. Each of the projects sought to connect with the needs of residents in the Washington Park community, rather than simply maximizing profit in the project. This has three benefits. First, the Southside is not a monolithic community. Every neighborhood has different needs and it is important to get to know current residents to address them. Second, community relationships can generate capital. UJ has capitalized on Bernard Loyd's network of relationships with its crowdfunding campaign to directly raise debt for its projects. UJ's participation in the Culture and Climate Resilience program will provide stormwater strategies and site design for Boxville and the community garden. Finally, relationships build momentum. When the community embraces an initiative, it is much easier for the developer to navigate challenges related to property acquisition, zoning, permitting and/or safety.

Conclusion

By working incrementally and iteratively, community development entrepreneurs in Washington Park are building on its transit, walkability, and sense of community. The neighborhood still faces many challenges that include a high unemployment rate, systemic disinvestment in real estate assets and infrastructure, empty lots, and the perception of crime. Incremental development, by itself, will not solve every challenge in a year or two. Nonetheless, all of the initiatives presented here suggest that an incremental approach has achieved some early success. Capital is being reinvested in the neighborhood through small donors, personal relationships, and crowdsourcing. Foot traffic along 51st Street and Garfield Boulevard is increasing. Storefronts and vacant lots are returning to a more productive use. By starting small, each developer is building the base for broader investment in the neighborhood.