How a Community of Practice Makes a Difference in Middle Neighborhoods

Next City

Not quite thriving, not quite distressed and ignored by policymakers, middle neighborhoods look to community development groups for support and stability. A look at the programs that can improve outcomes in these precarious places.

Story by Oscar Perry AbelloTwitter

Published on Oct 22, 2018

The story of Chatham, on the South Side of Chicago, while unique in many ways, can also sound familiar to those in neighborhoods of cities all across the country. Families moved here from far away, often fleeing violence and oppression. Parents found good paying, steady jobs. They put down roots and purchased homes. Children grew up with encouragement from parents, teachers, relatives and friends, some of them going on to Ivy League colleges and illustrious professional careers.

Nedra Sims Fears was one of those children. Her mother, a teacher, born in Shreveport, Louisiana, moved to Chicago in 1940, fleeing the Jim Crow South like so many African-Americans during the Great Migration. First living in nearby Hyde Park, then purchasing a house in Chatham, Sims Fears' mother was the first in her family to go to college. Sims Fears' father, a foreman at Ford Automotive, was originally from Joliet, Illinois, where his parents moved from rural Mississippi in 1915.

Related Stories

Describing her childhood in Chatham as "idyllic," Sims Fears eventually earned an architecture degree from Cornell University and an MBA from Northwestern University, going on to a career in community development, first in housing, then economic revitalization. After living in Minneapolis and a few small towns throughout her career, Sims Fears returned to the South Side.

In 2014, special education teacher Dr. Betty Howard was killed by a stray bullet in Chatham, on 79th Street near Cottage Grove Avenue, across the street from the district office of Congressman Bobby Rush (D-IL). "It really shocked everyone, because Chatham was supposed to be the safe neighborhood," Sims Fears says.

The tragic incident sparked a period of intense reflection and self-study in and around Chatham. Congressman Rush brought together clergy, elected officials including the mayor, business owners, community activists and residents, who drafted a comprehensive plan of action.

“They were able to document that Chatham’s middle class at that time was being hollowed out,” Sims Fears says. “Some of it was through the recession, some of it was the reduction in City of Chicago workforce, the auto industry, the steel mills, all those kind of higher-paying union jobs were disappearing — and we were attracting residents that had lower incomes and lower skill levels.”

To implement the plan of action, the Greater Chatham Initiative formed in 2016, with Sims Fears as executive director.

While other places may never have such a poignant moment of reckoning, one by one, across the United States, neighborhoods such as Chatham have realized that they, too, aren’t what they once were — thriving middle-class communities replete with bustling commercial corridors and residents with steady, good paying middle-class jobs that paid off mortgages. The world has changed. Factories have shuttered. Homeowners have aged; many are now retired and living on fixed incomes, while their children went off to live the life their parents imagined for them — somewhere else.

These neighborhoods aren’t distressed today, but they may become so sooner than anyone expects. Sims Fears and other practitioners in places like Chatham know that many neighborhoods currently in decline were once in this same position — poised between thriving and distressed, between a bright yesterday and an uncertain tomorrow. These are the “middle neighborhoods.”

What can be done to stabilize these communities? That’s the mission of local groups such as Chicago’s Greater Chatham Initiative, Cleveland’s Old Brooklyn Community Development Corporation, Milwaukee’s Riverworks Development Corporation, and others. These community organizations forge partnerships and leverage hyperlocal efforts to create job training programs, reinvigorate aged housing inventory and provide longtime residents with low-interest loans for necessary maintenance and renovations that will allow them to age in place safely and comfortably.

Long-term homeowners in Milwaukee's Riverwest neighborhood need access to capital for the necessary maintenance and rehab to keep home values high. Photo by darius norvilas via Flickr.

These practitioners have stepped up to keep their neighborhoods from sliding into a state of distress that they’ve seen happen elsewhere. “That’s why the Greater Chatham Initiative was set up,” says Sims Fears. “So we can be that firewall and turn [the neighborhood] around and make it thrive.”

Middle Neighborhoods Are Diverse by Definition

Forty-eight percent of urban residents in the United States live in middle neighborhoods, with incomes generally between 80 and 120 percent of the median income for each metropolitan area. Home values can vary wildly in middle neighborhoods, largely because of the aging housing stock, although some middle neighborhoods have maintained stable home prices better than others. For example, sale prices in Baltimore's middle neighborhoods range from $40,000 to $115,000.

Middle neighborhoods are racially diverse, sometimes within each neighborhood and also from neighborhood to neighborhood. Chatham, for instance, is 97 percent black. Cleveland's Old Brooklyn is around 80 percent white. In Milwaukee, the adjacent middle neighborhoods of Harambee and Riverwest are a study in contrasts — 84 percent black on the Harambee side, 60 percent white and 25 percent black on the Riverwest side.

What unites middle neighborhoods are the challenges faced. Shifts in the global economy have meant the loss of jobs whose wages could pay back the mortgages that financed the construction and ownership of homes. Aging homeowners on fixed incomes live in aging housing stock and struggle to keep up with maintenance costs, which leads to a decline in home values. Potential new homeowners either aren't excited to live in the neighborhood or can't access the capital required to take on a "fixer-upper." All of those factors are present in varying degrees in Greater Chatham, Old Brooklyn, and Harambee/Riverwest.

And yet advocates say policymakers still aren't as drawn to middle neighborhoods as they are to glitzy downtown areas that offer ground breakings and ribbon cuttings and headlines for attracting big new employers. Distressed neighborhoods, they say, also draw more attention, providing occasions to announce multimillion-dollar initiatives to "save" such neighborhoods — or worse, they get headlines for police violence against innocent citizens. The needs of middle neighborhoods just don't play well as local political theater. In Chatham, it took a tragedy to instigate the political will to do something.

These neighborhoods "require some strategic investments, but at a much smaller scale than is required to provide affordable housing in a hot real estate market, or to revitalize neighborhoods that have fallen into deep distress and are full of vacant structures, high crime, and poorly performing schools," wrote David Erickson, director of community development at the Federal Reserve Bank of San Francisco, in 2016.

In Cleveland's Old Brooklyn, Restoring Homeowner Confidence

In Cleveland's Old Brooklyn neighborhood, the moment of reckoning came in the 2008-2009 subprime mortgage crisis and Great Recession. In the aftermath of the crisis, the Old Brooklyn Community Development Corporation, founded in 1974, lurched into a new role.

"For most of our first four decades, we were a quieter organization," says Jeffrey Verespej, executive director. "The neighborhood didn't have issues of poverty. It didn't have great wealth. It was what I would now consider to be a middle neighborhood, although we didn't know it at the time."

Old Brooklyn prides itself on stability, filled with long-time homeowners often with mortgages paid off after decades of working in Cleveland's various industries, Verespej says. But many of those jobs were long gone by 2008, or those workers were retired, living on pensions, social security or some combination thereof.

"The industries that propped up the economy and the housing market, immediately adjacent to the neighborhood, are gone," says Verespej. "The steel factory that I grew up next to and drove by multiple times a day, taking my dad to work with my mom, is now a WalMart."

The subprime mortgage crisis and Great Recession blew the roof off Old Brooklyn's sense of stability. While it's true other markets were hit harder, the neighborhood probably lost 50 percent of its home value, Verespej says.

A typical house in Cleveland's Old Brooklyn neighborhood. Photo by Jeffrey Sugalski via Flickr.

The Old Brooklyn Community Development Corporation became a sort of buyer of first-resort — they acquired vacant and foreclosed homes, rehabbed and resold them, as a way to restore confidence in the neighborhood's housing market. "All of a sudden it puts confidence in [other homeowners in the neighborhood] that tomorrow will be a better day," says Verespej. "They think, 'Maybe I should re-do my kitchen, maybe I should repaint the house, maybe I should go out and fix the yard a little bit.'"

The Cuyahoga Land Bank, a county-level entity, played a key role smoothing out the process of acquiring foreclosed homes in those early days after the crisis, Verespej says.

There are 9,000 residential plots in Brooklyn, a neighborhood of about six square-miles, according to Verespej. And yet since the crisis, Old Brooklyn Community Development Corporation has only acquired and rehabbed around 60 homes so far — not a lot, but just enough.

"You're investing into a place with strength, you're investing to a place that is on the edge, still has assets, still has people who want to be there, but need a nudge to get over the top, versus investing 60 homes in a non-functioning market," Verespej explains. "Sixty homes into a place that still has assets, still has desire, it can have a huge impact because it's also about putting market confidence into other homebuyers."

In Milwaukee's Harambee and Riverwest, Maintaining Dignity

The subprime crisis and Great Recession was a reckoning moment for Harambee/Riverwest as well. Through the use of neighborhood housing surveys, focusing largely on the low-income neighborhood of Sherman Park, by 2008 Milwaukee had an established protocol of working with residents and community-based organizations to monitor for maintenance issues on residential properties.

Here’s how the protocol worked. Every spring, volunteer surveyors would drive around and do a “windshield” inspection of properties, noting maintenance issues, and following up with a letter to property owners inviting them to work with the community-based organization and the Department of Neighborhood Services to address the maintenance needs. In the Fall, surveyors would go around again to check if needs had been addressed. If nothing happened, they’d send another letter, and if nothing happened after that, they’d report the building and have appropriate penalties assessed.

The surveys began primarily as a way to hold absentee landlords accountable for maintenance needs on rental properties. But after 2008, those same surveys picked up a spike in maintenance needs on owner-occupied properties, according to Amy Rohan, a community asset development specialist at Riverworks Development Corporation.

“We said ‘what’s the protocol for this, we’re not going to report owner-occupants to the Department of Neighborhood Services and get them on these monthly fees, basically taxing people for being too poor to fix up their homes,’” says Rohan.

After the 2008 financial crisis, “homes and neighborhoods were decimated, but what kept those neighborhoods alive [were] the long-term homeowners. And yet there doesn’t seem to be support or assistance for those homeowners to be able to stay in their homes,” says Lynnea Katz-Petted, CEO of Revitalize Milwaukee, a nonprofit that provides free home repairs and modifications for homeowners in need. Photo by Jason McDowell via Flickr.

In Harambee particularly, these were aging homeowners in aging housing stock, Rohan says. They were stable in the sense that they had lived in their homes for decades in most cases. But now many were living on fixed incomes from retirement savings, pensions, or social security. Some may have spent a decade or multiple decades already living on those fixed incomes.

At Revitalize Milwaukee, a nonprofit that provides free home repairs and modifications for homeowners in need, CEO Lynnea Katz-Petted says they get 3,600 calls for assistance a year, including many from homeowners in that same situation.

“It was shocking to me to understand the sheer desperation some of the ways our residents were living,” Katz-Petted says. “The people we’re dealing with are homeowners, they’ve been in their homes an average of 30 years, they pay their taxes, they’re current on their mortgages, and something happens. They get sick, a family member gets sick, they lose their jobs. They find themselves in a situation where one thing happens and it sends them into a tailspin.”

After the financial crisis, “homes and neighborhoods were decimated, but what kept those neighborhoods alive [were] the long-term homeowners. And yet there doesn’t seem to be support or assistance for those homeowners to be able to stay in their homes,” says Katz-Petted. “We were overlooking what to me were the sustaining forces in these neighborhoods.”

Revitalize Milwaukee refers a lot of residents to other programs and partners, often for financial counseling to help get household finances back under control after a major life event such as a family member losing a job or being hospitalized.

After screening and referrals, Revitalize Milwaukee ends up working directly with around 350 homeowners a year, triaging their needs from large, major purchases such as a new water heater to other vital jobs, such as building a new ramp to make it easier for an aging homeowner to enter and exit their home. They'll often bring an occupational therapist with them on a home visit to analyze potential difficulties, for example, shelves or counters that may be too high.

All of the repairs and modifications Revitalize Milwaukee provides are free to homeowners. Katz-Petted says they have an annual budget of about $1.5 million, nearly all of it coming from construction companies, banks, other companies, foundations, or individual donations. Just $120,000 of their money comes from the city government. It works out well that way for Revitalize Milwaukee, says Katz-Petted, because public dollars often require homes be brought up to code all at once, instead of working piecemeal on urgent needs one or two at a time, as is their typical approach.

For maintenance needs that go beyond what free repairs and modifications can provide, the city worked with community organizations to develop a "Compliance Loan Program." The program provides zero-interest loans up to $15,000 for eligible low-income owner-occupied households — and they're deferred, which means the borrowers don't need to make any payments on them until they sell the house, in which case they have to pay back the loan. The program emerged out of the post-crisis discussions spurred by the annual housing surveys, according to Rohan.

The best part of the Compliance Loan Program, Rohan says: if you leave the house to your next-of-kin, the loan can roll over to your family member, keeping its deferred status. As long as the home stays in the family, it doesn't have to be paid back.

"Theoretically, it could sit there indefinitely on the house if it stays in the family, and I think that's really key in building wealth in the Harambee neighborhood," Rohan says.

In 2016 and 2017, Rohan says she is aware of at least $100,000 a year in compliance loans to homeowners in the Harambee neighborhood, helping them to address badly needed maintenance issues, while also giving them a major incentive to keep each home within the family.

Enticing the Next Generation of Owners

Verespej says the housing market is better now in Old Brooklyn. In fact, it's doing so well, they now compete against bulk buyers, with investor cash from "China, Russia, who knows where," he says, to keep up with acquisition and rehab of homes, to sell them back to new homeowners coming into the neighborhood. The bulk buyers typically end up renting the properties instead of selling back to a new homeowner in the neighborhood.

"We've had to pass up about a dozen homes in the past two years," Verespej says, because they couldn't make the math work at the asking prices homes can now fetch in Old

Brooklyn.

Under what has been the organization’s typical model, Old Brooklyn Community Development Corporation gets a loan from a local bank to purchase a home from the land bank or from the previous owner. Then the organization sinks some of its own cash into the rehab, and it can get that back and repay the acquisition loan, plus earn a little more cash, upon selling the newly rehabbed home to a new owner-occupant at a price that’s still affordable to the typical resident of a middle neighborhood.

Now, with a stabilized housing market and fresh competition from all-cash bulk buyers, there’s no longer enough cash left over after the acquisition to complete the necessary rehab. They need a new lending product, Verespej says, that covers more of the acquisition cost so that the organization has funds left over to subsidize the necessary rehab.

In Milwaukee, Rohan says their obstacle is not competition from all-cash bulk buyers, but rather the total cost of the rehab. Instead of the “buyer-of-first-resort” approach in Old Brooklyn — where a neighborhood institution fronts the cash for fixes and sells rehabbed homes to a new generation of owner-occupants — in Harambee the onus is on individual owner-occupants to have access to the required capital. But sometimes the cost of rehab can be higher than the value of a home for sale.

They’ve had some success working with local banks to create lending products for individual homeowners that cover more of the acquisition price, so a buyer can sink more cash into rehabbing a “fixer-upper.”

> The best part of the Compliance Loan Program? If you leave the house to your next-of-kin, the loan can roll over to your family member, keeping its deferred status. As long as the home stays in the family, it doesn’t have to be paid back.

Rohan mentions PyraMax Bank, which last summer announced a $1 million commitment to finance homeownership in Harambee. Typically, a bank loans 75 to 80 percent of the value of a property, known as the Loan-to-Value (LTV) ratio, with the buyer expected to come up with the rest of the cash needed for acquisition and rehab. Under the $1-million commitment to Harambee, the bank is offering loans that can go up to 95 percent LTV to help finance both an acquisition and a rehab. Since the July 2017 announcement, the bank has loaned about half of the committed amount, and will consider expanding their commitment in the future.

Rohan says that PyraMax Bank’s $1-million commitment to Harambee emerged out of conversations facilitated by Take Root Milwaukee, a consortium that brings together lenders, homeownership counseling groups, neighborhood groups, and realtors for cross-sectoral conversations. It has been a great way for community groups to interface directly with Community Reinvestment Act Compliance Officers at banks such as PyraMax,, Rohan says, so they can understand the community’s financial needs.

Many of the new or potential homeowners that Riverworks Development Corporation has encouraged to use the new loan products are renters currently living in Harambee or Riverwest. “You don’t have to market as hard to somebody that’s already living here,” says Rohan.

In other cities, marketing a middle neighborhood to a new generation of homeowners can be a tremendous challenge, with older housing stock and perhaps a perception issue in a competitive regional housing market. “If you’re not from the South and West Sides, the South and West Sides are just one big slush,” says Sims Fears, in Chatham. “People don’t know the difference really between Bronzeville or Chatham or Beverly. It’s all just somewhere out there south of the loop.”

While access to capital remains a challenge, Sims Fears also acknowledges that the neighborhood has multiple financial institutions with a noteworthy presence, such as Neighborhood Housing Services Chicago. The historic black-owned Seaway Bank was based in the neighborhood, and it hasn’t completely gone away — it lives on as a division of Self Help Federal Credit Union.

Marketing and branding Greater Chatham for potential new homeowners is a top priority for Sims Fears and the Greater Chatham Initiative. When asked how the city could help to advance her work, marketing and branding are the first things she mentions. She’s seen how other Chicago neighborhoods (such as Wicker Park, Humboldt Park, Hyde Park or Logan Square), have been able to compete regionally, thanks to strong marketing and branding.

Just this past weekend, the Greater Chatham Initiative co-hosted a trolley-tour of the neighborhood for potential homeowners — many of them interested in taking advantage of $8 million in downpayment assistance grants from Wells Fargo for eligible homebuyers in Cook County.

“We take them past neighborhood businesses like florists, childcare centers, elementary schools, physicians, places where you get your shoes shined, so people can’t say we don’t have goods and services,” Sims Fears says. “Tours like that, between us and our partners, we probably do every other month.”

She is particularly proud of the combined Greater Chatham neighborhood’s 43 schools — according to Sims Fears, half are rated “high performance” or “highest performance”, the top two ratings in the Chicago Public Schools System’s ratings system.

They also created Chatham Center Chicago, an online directory and map of 300 neighborhood businesses; Sims Fears says about a hundred of those have no other online presence.

“In talking with residents as well as businesses, what they tell us is they want corridors that work — places where they can have lunch, have cleaners, have childcare centers,” says Sims Fears.

And that’s just one slice of the businesses in Greater Chatham. It’s one of the neighborhood’s strengths, and key to another factor on the minds of middle neighborhood advocates — a regional or local economy with enough jobs to pay for the continued ownership and maintenance of the properties within the neighborhood.

In Greater Chatham, Breaking Down Silos to Fight Underemployment

Sims Fears proudly boasts of some 7,400 businesses in Greater Chatham, pulling in around $750 million in revenue per year.

“The culture of Greater Chatham is entrepreneurship,” says Sims Fears. “Harlem was the arts, culture and creative class. Chatham was the business class that financed the creative class as well as the social justice movement. Dr. King came to Chicago to meet payroll — the business people bailed him out. It’s a history of entrepreneurship, of generational entrepreneurs. We just want to continue that.”

In analyzing the neighborhood, the Greater Chatham Initiative found ten metal fabrication firms doing about $94 million in annual sales — a high-growth potential industry, given Chicago’s downtown construction boom and low barriers to entry-level employment. The Initiative also found 111 transportation, distribution and logistics firms in the neighborhood, pulling in about $110 million in annual sales; and about ten food packaging and processing businesses earning about $10 million in annual sales.

The problem? Even though Greater Chatham’s 7,400 businesses employ an estimated 51,000 people, only about 20 percent of employees are from Greater Chatham, according to Initiative statistics.

“I call it hiding in plain sight,” says Sims Fears. “You just see this wall of glass and an address, and you don’t know [if the building] is a manufacturing plant that employs 70 people. There’s no way of knowing if they’re hiring because you don’t even know what they do.”

Workforce development is critical to Greater Chatham, which has some 7,400 businesses generating around $750 million in revenue per year. Photo by Zol87 via Flickr.

That’s a conundrum when you’ve got new residents coming into the neighborhood looking for a better life. If you care about the neighborhood, you want to maximize their ability to maintain their homes. It’s not just their wealth at stake in terms of the value of their home — it’s also yours. So the Greater Chatham Initiative spends a good bit of its time these days connecting businesses in the neighborhood to the area’s vocational academies, community college campuses and high schools.

“We’re putting together a workforce pipeline because everyone now in this economy is looking for talent,” says Sims Fears. “How do we connect [businesses] to those workforce centers, high schools and colleges producing these grads, but they don’t even know that these companies are here?”

Just last week, Sims Fears was speaking with an employer in the construction industry, who manufactures doors and glass in Greater Chatham. “They said they can’t grow because they don’t have projects managers and cost estimators and schedulers,” says Sims Fears. “They’re turning down millions of dollars in business because they don’t have anyone that can cost out the work. And right now, Chicago is booming.”

Sims Fears would like to see Chatham residents find opportunities throughout Chicago, but can't ignore the harsh realities that her neighbors, nearly all of whom are African-American, still face. "Frankly, in the city of Chicago, structural racism is a real thing," she says, citing the example of job applicants having names more common among white populations being much more likely to get called for an interview than applicants with names more common among black populations.

"One of the reasons it's important to support businesses on the South Side is because businesses that are on the South Side, in predominantly African-American neighborhoods, they're more comfortable being with African-Americans, and they are more likely to hire African-Americans," says Sims Fears.

In Old Brooklyn, too, Verespej has the economic prospects of his middle-neighborhood residents foremost in mind when he seeks out seats at tables where the region's economic vitality is discussed in new ways. Sometimes the voices at those tables are new as well.

"Historically in Cleveland, the regional economic development system and the community development system don't talk," he says. "That is starting to change, thank goodness. We're now realizing that job centers and employees are not in the same place. As Ohio continues to underfund transit, the ability to access jobs is a challenge for our residents, and for employers the ability to fill those jobs is a challenge."

Even in Harambee/Riverwest, where stabilizing older homeowners living on fixed retirement incomes remains a priority, economic prospects for newer homeowners in the neighborhood weigh heavily on Rohan's mind. "There's a real lack of jobs, a lot of underemployment," she says. "It's a very difficult situation."

With Middle Neighborhoods, No News Is Good News

A strange reality emerges when considering measures of success for a thriving middle neighborhood. If all goes well: if aging homeowners are able to live out their lives on their own terms; if new homeowners can get the capital required to acquire and rehab any housing stock worth saving; and if residents of a middle neighborhood can find jobs that allow them to pay off mortgages and gain a piece of property as a family asset; the result would not be news.

Think of the headline: "Families Build Wealth and Stay Healthy at the Same Rates, Regardless of Race."

Thankfully, the people doing the work of keeping middle neighborhoods from sliding into distress aren't doing it for the headlines.

Katz-Petted hears hundreds of stories a year from retired American Motor Company workers in Milwaukee, or trolley operators or others who worked in the city's factories and foundries. "They built the city … They built their lives here, they raised their families here, and they just want to be able to die in their own homes," she says. "Which I think is a very valid and a very important part of what makes a neighborhood, because without the connection, the sense of camaraderie, love and respect, you're not going to have a neighborhood, just housing."

Verespej thinks often about the newcomers to Old Brooklyn — the neighborhood has some of the fastest-growing African-American and Latino populations in the city. “It’s about ensuring growth comes equitably and that we don’t repeat the sins of the past,” he says. “For folks who were legally barred from buying homes in different communities for hundreds of years, now taking the opportunity to move into a community they’ve chosen… let’s deliver on that promise.”

Sims Fears thinks about the culture and legacy of a historically African-American neighborhood, and helping a new generation find not only pride in living there, but a piece of wealth, too. “Right now, we would be thrilled if grandmother talks with granddaughter and says, ‘Hey, I’m going to move to Florida, I want to give you a house’ … [the] granddaughter says, ‘Oh grandmother, thank you very much, hugs and kisses, when can I move in,’” she says. “That’s the kind of victory that we’re looking for.”

This feature is part of Next City’s Middle Neighborhoods series, supported by a grant from The American Assembly. Follow our coverage as we dig into the solutions and success stories that animate the conversation today.

More Features

Oscar is editor of Next City. Before that, he was a contributing writer and Equitable Cities Fellow for Next City. Since 2011, Oscar has covered community development finance, community banking, impact investing, equitable and inclusive economies, affordable housing, fair housing and more for media outlets such as Shelterforce, B Magazine, Impact Alpha, and Fast Company.