

CASE OF FAITH

CASE STUDY PUBLICATION OF THE NCCED FAITH-BASED ACADEMY

Faith Central: Bethel New Life's Beth-Anne Center - Chicago, IL

Building an Economic Engine in the Heart of the Community

Mary Nelson, President, Bethel New Life, Inc.

MOTTO: *Healthy, Sustainable Community*

ABOUT BETHEL NEW LIFE

Bethel New Life is a faith based community development corporation (CDC) on the west side of Chicago. Established in 1979 as a housing ministry at a small Lutheran church it focuses on a two square mile, very low income, primarily African American community which was losing over 200 housing units each year to abandonment and demolition.

Bethel New Life has evolved over the years through the guidance of an active community and church Board. From an original staff of two and \$9,500 annual budget, today Bethel has a staff of 345 and a \$12 million annual budget. Bethel is a comprehensive CDC engaged in a wide array of community economic development work, including housing development, employment, elderly services, and family support (including homeless residential, WIC, and child care).

Bethel's mission statement is from Isaiah 58:9-12 and keeps Bethel focused on a combination of justice, compassion, and building on the capacities of its own people.

SUCCESS STORY

In 1989 – 10 years after its inception, Bethel experienced a major turning point. A local 437 bed Catholic hospital closed and tried unsuccessfully to sell its 9.2-acre campus with seven buildings located right in the middle of the Bethel community. Bethel was pushed by local community groups to negotiate with the Sisters of St. Anne's Hospital to purchase the campus. The Sisters had to collateralize the purchase loan that a major bank then reluctantly made. "It will take a miracle" headlined a local Chicago paper at the time of purchase.

During the development process, Bethel's community Board focused on the vision of a community friendly, intergenerational, financially viable campus, while Bethel staff creatively put together the funding and financing one piece at a time. It took 12 years of hard work, creative financing – and a miracle – to convert the 9.2-acre campus into what is now the Beth-Anne Center. It was an example of taking the "Five loaves and two fishes" and God making it enough.

The Beth-Anne Center includes 125 units of subsidized, independent living apartments for the elderly, 85 units of elderly assisted living, a medical clinic, Bethel's administrative offices, and an adult day care center. The former chapel has been converted into a 200 seat cultural and performing arts center, and a new child development center was built, replacing the original hospital building. The former nurses' residence was converted into a Small Business Center. Other buildings on the campus are leased to a hospital outpatient program, a school and a contractor. This \$30 million award winning campus is now a major economic engine of the community, as well as an intergenerational and life-sustaining community within the community.

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BEST PRACTICES

Bethel's success story is rooted in three best practices.

- ***Strong Community Board and Community Involvement***

Our active community board and solid community involvement was key to keeping the project and outcomes grounded in the vision of a community friendly, intergenerational campus that is also financially viable and builds on the community's assets. Our community understood the broader meaning of health—thriving people and seniors living to the fullness of life in a viable community.

- ***Creative Financing***

When total financing for the campus project was not possible all at once, Bethel did one project and a time. With this strategy, we subdivided the project into components. Some of our creative financing methods included convincing the seller to collateralize the loan. The Sisters of St. Anne's Hospital collateralized the purchase of the campus by making a deposit in the bank. Once the deposit was made, the bank then issued a loan to Bethel.

- ***Diversity for Sustainability***

The Beth-Anne Campus includes a diverse mix of programs and operational funding. By diversifying, we increased sustainability. In the event of a failure of one funding source, it does not cripple the whole operation.

IMPACT

- ***Jobs for Residents***

The Beth-Anne Campus project created 170 new jobs, most of them filled by community residents. This had a major economic impact on the community.

- ***Money and Business***

The Campus development brought over \$30 million in development costs into a credit starved community, and has a \$10 million a year operating budget, with contracts to local businesses, and other viable entities.

- ***The Community and Beyond***

The Campus has had a major impact on the surrounding community. Land and building values have increased, and a sense of security has been established by the Campus' security guards. The project has also increased community attractiveness, pride, and youth participation. For example, the creative murals and mosaics that adorn the exterior of the buildings were done by youth apprentices – making the Campus an attractive, inviting place.

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LESSONS LEARNED

Challenges:

• **Obtaining Financing**

Who will finance a closed down, inner city hospital? Getting original financing was very challenging. No one wanted to finance the entire project. It took sub-dividing the project into pieces and lots of lawyers in order to layer different funding and financing sources for each of the campus components.

• **Environmental Problems**

We encountered underground storage tanks (not discovered at the time of sale), and asbestos in the campus buildings. It was very difficult to obtain additional money to cover these costs. However, we turned the cleanup into an environmental job-training program and covered some of the costs that way. In the end, we had a pool of residents that were trained for high paying jobs.

• **Conflicting Rules and Regulations**

We experienced conflicting rules from various funding sources for the campus projects. In seeking funding for the seniors project for example, one source said that 62 years is the age for elderly eligibility, while another source said 65. In the end, we wound up somewhere in the "gray" middle.

Advice:

• **Be Persistent in Problem Solving**

It pays off. This is especially true when mobilizing local community groups in the often-long process of obtaining financing and zoning changes, and securing grants for the various programs.

• **Diversify Financing and Leverage it with the Strengths of the Organization**

Ongoing diversified operations give some comfort level to financial investors. For example, we used a medium sized local bank as the primary lender for the campus project, but a different bank for the loan for start up operations on the senior assisted living component.

• **Seek Faith-Based and Community Support**

Combining faith-based and community support provided us with the courage to persistently seek other ways when things went wrong. Like the widow in the Gospel of Luke who sought justice from the judge, we knew that somehow, if we were faithful to God's vision for the community, we could keep knocking on doors and trying another way, and good things would happen.

FOR MORE INFORMATION CONTACT:

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