

Real estate investors bet Obama library would boost Washington Park

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The eight units in this condominium building on King Drive are among the roughly 100 condos that New York-based Icarus Investment Group has purchased in Washington Park.

Investors are buying up distressed homes in the South Side neighborhood, some expecting a bump if the presidential center lands there.

Betting that the Obama presidential library would do for Washington Park what the 2016 Olympics bid didn't, investors are buying up homes in the South Side neighborhood.

"I'm excited about the potential the Obama library could have if it goes in Washington Park," said David Pezzola, CEO of New York-based Icarus Investment Group, which he said has purchased about 100 condominiums there the past four years. "It's not the only reason to buy over there—Washington Park has a lot of room for improvement—but it's a big one."

Icarus plans to rehab and rent out most of the units. The firm also has bought about 40 condos in Woodlawn, near the other potential library site, Jackson Park, Pezzola said.

But that neighborhood, closer to the University of Chicago campus, "already has more going for it," he said. "The library will make more of a bump if it goes to Washington Park."

Long after other neighborhoods have seen foreclosure sales dwindle, Washington Park's housing market is still dominated by distress sales. The potential of the library to stabilize home values is the latest bit of hope for a neighborhood that, although it has pretty 19th- and early 20th-century homes, a majestic park and easy transportation downtown, has been left behind in the current recovery.

In the year ended in January, 40 of the 54 condominium, townhouse and single-family home sales in Washington Park were foreclosures or short sales, according to a recent report from Midwest Real Estate Data. That's slightly over 74 percent, the highest of any Chicago neighborhood or suburb.

While some buyers of the distressed Washington Park properties occupy the homes, investors account for most of the purchases, Cook County records show. When homeowners buy, they are getting big discounts just like investors. A married couple in late December

bought the second-floor unit in a three-flat on Indiana Avenue for \$107,000, or 52 percent of the \$204,000 the sellers paid in 2008 for the three-bedroom unit.

'OBAMA BUZZ'

While investors began harvesting bargains a few years before the 2015 announcement that Washington Park is a possible spot for the library, "the Obama buzz is definitely a reason that people are buying in here," said Tokela Brown, a Baird & Warner agent. "We're seeing many more since then."

The Obama library committee has not said when it will announce the location. If it's Jackson Park, "we feel that the level of finishes we're putting in, all the rehab and attention we're giving these properties, will make them attractive," Pezzola said of his Washington Park holdings.

Investors are dominating acquisitions in the neighborhood for two main reasons: Moderate-income homebuyers may not be able to afford the rehab necessary on foreclosure homes, and most of the condos are in buildings with so many other foreclosures or rentals that landing a mortgage is nearly impossible.

"They have to be cash buyers," Brown said. Investors are more likely to have cash on hand.

Brown has the listing for [a red-brick single-family home](#) at 5324 S. Wabash Ave. According to county records, developer James Kahriman bought it for \$31,000 last April from Fannie Mae, which received the deed in a court-ordered sale in early 2015.

PIONEERING AFRICAN-AMERICAN DEVELOPERS

Brown would not disclose the developer's renovation costs for the home, which is listed for \$279,000, near the top of the scale in the neighborhood.

Washington Park has long been a site of real estate speculation. Pioneering African-American real estate developers Jesse Binga and Carl Hansberry both built up their property portfolios in the neighborhood; Hansberry's daughter, Lorraine, would go on to win a Pulitzer Prize for her play "A Raisin in the Sun," based partly on her father's experience in racially fraught real estate transactions.

In the more recent past, investors were speculating in the neighborhood after Chicago announced in 2008 that it would bid to host the 2016 Olympics and put much of the action in Washington Park, the green space that gave the neighborhood its name. The two potential

sites for the Obama library include one in Washington Park that would be on the northwest corner of the park, on a combination of public and private land.

“Now with Obama's library, we might get another chance,” said Cecilia Butler, a 30-year homeowner in the neighborhood and president of the Washington Park Council.

The difference between the Olympics and the library, she said, is that this time around, “you'll be building something that creates permanent jobs, at the presidential library and at all the businesses that come in here to be near it.”

Many of those workers, she said, “might be looking to buy a home here near their job.”

David Pezzola's title has been corrected.

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