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# Chicago: Reviving the inner city

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## CHICAGO: REVIVING THE INNER CITY

In a goal-oriented society, Ronald Grzywinski's goal is unique: to make Chicago's South Shore National Bank the nation's first successful neighborhood development bank.

This is the only bank in an area which, until 15 years ago, was one of Chicago's most desirable lakefront communities. Today, property fronting on Lake Michigan should still be prime real estate, but it hasn't been since the neighborhood began to "turn" in the mid '60s. The area is now more than 80

percent black.

The former management of the bank "equated racial change with economic deterioration," notes chairman of the board Grzywinski, a white-shirted conservative dresser but a progressive thinker who has a need to be involved in work that he considers socially redeeming. A doer, not a sitter, he gestures and

shifts around restlessly in his chair as he talks about the community and his objectives for the bank which he bought three years ago with the help of churches, foundations, and businesses.

"We bought the bank primarily to demonstrate that development and profitable operation are not irreconcilable," he explains. "When we came here, we literally stood on street corners and said, 'The neighborhood is getting better; it's

going up, not down.”

This optimism is characteristic of what Mary Houghton, a vice-president and development loan officer who worked with him, too, at Chicago's Hyde Park Bank, calls Grzywinski's "willingness to spend valuable time in turning ideals into workable plans."

"I think we've had a pretty good sense of what a financial institution can do," he continues. "We learned at Hyde Park, which is also in a racially changing area, how you can make development loans without incurring enormous risks. Our track record today is good, and our losses have been modest."

But there were plenty of skeptics, including Pierre DeVise, a Chicago urbanologist. Until three years ago, he lived in The Highlands, the wealthiest section of South Shore. It has the sort of large, stately homes that sell for double the money—around \$100,000—just a few miles north in the community of Glenview. But, like so many other whites, he, too, gave up and fled from the area. However, only last August, while speaking at a South Shore Commission benefit party, DeVise acknowledged that the community is undergoing an economic turnaround, due, in part, to the activities of the bank.

This admission from the noted urbanologist delights Grzywinski and reinforces his drive to succeed at his goal. His *raison d'être*, according to Mary Houghton, is reflected in a picture that hangs in the large bright boardroom that

doubles as his office when he isn't dashing off to community meetings and promoting the concept of the neighborhood development bank. The picture is a black and white photograph that he took on a trip to Bath, England, a few years ago and shows a graffiti-chalked brick wall with the message: "The City Is Dying—Look To Your Heads."

"The bank is consciously trying to reverse the psychology of deterioration," says Grzywinski. Last year its new management gave the bank a facelift, changing it from what a customer once described as "a third-rate pawn shop" into a bright, modern, cheerful place to do business. This past spring, it added a new drive-in with tree-lined lanes and a greenhouse. "In a lot of visible ways, we said, 'We believe in this place; it's going to make it. We're not just going to be here today and gone tomorrow.'"

Grzywinski's experience in working in banks located in a racially changing neighborhood goes back 10 years to when he joined Chicago's Hyde Park Bank as president. He left that bank in 1972 to conduct a research project as a fellow of the Adlai Stevenson Institute in Chicago and an associate of the Center for Community Change in Washington, DC. His work led him to the conclusion that inner-city neighborhoods might best be rebuilt by bank holding companies set up primarily for neighborhood renewal.

When he learned that the former management of South Shore National Bank wanted to give up on the area, he grabbed the chance to implement his theory. He formed the Illinois Neighborhood Development Corporation.

A development bank in the strictest sense of the word, South

Shore National Bank is deeply committed to revitalizing its community. Real estate mortgage loans to purchase single-family homes is the bank's largest category of development loans. The bank is also getting more involved in multiple-dwelling loans and small business loans.

A look around shows that the bank's faith in the area is justified. Although there are still plenty of abandoned boarded-up buildings in both the commercial and residential sections of South Shore, an atmosphere of revival pervades the area. Whole blocks of apartment buildings are being renovated, or "rehabed." Block club signs, furnished by the bank as symbols of neighborhood pride, are springing up on street corners. And new stores are opening along a major thoroughfare, 71st Street; though now drab and relatively lifeless, it was once, according to Milton Davis, president of the bank, "the most prestigious shopping area outside of the Loop."

"There's no reason why you can't have a predominantly black middle-class neighborhood, and there are a lot of people in this neighborhood who feel that way," observes Grzywinski. "We really want this bank to demonstrate that it can earn as high a profit as any other bank on a continuing basis while still doing development. That's the real challenge."—C.C. ▲