The Chicago Neighborhood Stabilization Program

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Department of Community Development

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Investing in the Community

• Over the past 10-15 years, the City and its partners have invested millions of dollars on projects aimed at revitalizing our neighborhoods.

• New schools, police stations, fire stations, libraries, affordable housing, retail centers

• The foreclosure crisis is threatening those investments and the stability of long-standing community anchors.
Build onExisting Relationships

Strong history of collaboration with:

- Community development corporations
- Developers (non-profit and for-profit)
- Community-based organizations
- LISC
- Community Development Financial Institutions
- Other City departments
Identifying Target Areas

• To protect recent development and make a significant impact, NSP investments must be strategic and targeted.

• NSP target areas have been identified based on proximity to recent public and private investments.

• Government intervention is necessary to stabilize all these areas.
City of Chicago’s NSP Strategy

• Goal: assist 2,000-2,500 units over 3-5 years in targeted areas utilizing NSP 1 & 2 funds
• Focus on acquisition and rehab of bank-owned properties
• Determine most appropriate disposition option:
  • Homeownership
  • Rental
  • Demolition
• A non-profit organization, Mercy Portfolio Services, is working at the direction of the City to acquire, redevelop, and reposition the properties.
Developing the Chicago NSP Infrastructure

• Established a rolling RFQ process to identify developers to rehab homes
  – RFQ posted at www.chicagonsp.org
• Identified vendors to assist in implementing the program
• Developed a financial model to ensure ready access to capital for acquisition and rehab
  – NSP is a reimbursement grant: no up-front funds
Status of Chicago NSP

• Identified more than 1,100 vacant units for potential acquisition
• Assessed more than 1,000 vacant bank-owned units
  – Assessment includes an appraisal, scope of work, and financial analysis
• Made offers on more than 650 units
• Acquired 205 units (65 properties)
• Additional 97 units (28 properties) under contract and set to close in the next 30-60 days
• Rehab underway on first group of properties
• More than $26 million, or 48% of the NSP 1 grant, has been committed to acquiring and rehabbing properties

As of March 4, 2010
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Overview of Chicago NSP Transactions and Flow of Funds
Use $55 million HUD grant to acquire and rehab 1st pool of homes.

Use program income from sales of 1st pool to purchase and rehab 2nd pool.

Use program income from sales of 2nd pool to purchase and rehab 3rd pool.
### NSP Single-family Home Financing Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Acquisition Cost</td>
<td>$20,000</td>
</tr>
<tr>
<td>Rehab &amp; Soft Costs</td>
<td>$168,000</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$188,000</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$188,000</td>
</tr>
<tr>
<td>NSP Homebuyer Subsidy</td>
<td>$60,000</td>
</tr>
<tr>
<td>NSP Program Income to Reinvest</td>
<td>$128,000</td>
</tr>
</tbody>
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## City of Chicago Foreclosure Statistics

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Filings</strong></td>
<td>13,872</td>
<td>20,592</td>
<td>22,685</td>
</tr>
<tr>
<td><strong>Completions</strong></td>
<td>6,118</td>
<td>9,948</td>
<td>8,815</td>
</tr>
</tbody>
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- The City of Chicago saw an overall increase in foreclosure filings of 10.2 percent from 2008 to 2009.
- The City of Chicago saw an 11.4 percent decrease in completed foreclosure auctions between 2008 and 2009.

Source: Woodstock Institute, February 2010