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DEVELOPMENTS

Three **cic** borrowers take home Good Neighbor Awards

Since 1992, the Chicago Association of Realtors has sponsored the Good Neighbor Awards to recognize quality real estate projects. From the beginning, CIC has been a leader in promoting the Awards to borrowers and consequently has a long list of winners to its credit.

This year was no exception. At a dinner reception at Café Brauer in the Lincoln Park Zoo in late May, three CIC

borrowers were presented with Good Neighbor Awards for their exceptional completed projects in the Residential/Multi-Unit Renovation category.

Greg Sorg purchased a challenging 12-unit building located at 5837 West Washington Boulevard with CIC financing through his loan officer, Dave Price. Vacant for three years and a hangout for drug traffickers and gangs, it now features some of the most affordable high-quality three- and four-bedroom units in Austin. Fully occupied since renovation, the building is now a community anchor. Upgrades include enhanced major building systems, roofing, exterior doors and windows, and wrought iron added throughout. The building was tuckpointed, and stairways and porches rebuilt. The units feature new hardwood floors, walls, lighting, and kitchen and bath fixtures.

John Brauc received his third Good Neighbor Award in as many years with his purchase and renovation of 1131-41 East 79th Place. The 36-unit building had been without gas for three months at the time he acquired it, and its units were mostly vacant. Upon learning the building's boiler and hot water systems needed replacement, Brauc and his team completed additional upgrades including a new roof and gutters, new porches, modernized kitchens and bathrooms, and new drywall, plumbing and electrical systems. They also improved the common hallways and added emergency lighting for resident safety. James Lackland was the loan officer for CIC.

Mark Fenzel of Copper Realty LLC was another repeat Award winner this year with an 18-unit building at 6153 South King Drive which had been foreclosed. Fenzel combined a CIC loan (Ted Brzyski was his loan officer) with cash to purchase the partly-occupied building. He improved security and unit conditions for existing tenants, and then completed a rehab for about \$40,000 per unit. Occupancy has created a more stable environment for the building, which was in the vanguard of development for this area. Now eight nearby buildings are being similarly renovated.



Greg Sorg



1131-41 East 79th Place



Owner Mark Fenzel (center) is flanked by his staff (from left to right) of Claudiu Oros, Qiana Bishop, Hector Botello, and Salvador Sanchez Uribe in front of 6153 South King Drive.

cic works with City to preserve housing

TBI HAS
BEEN A VERY
EFFECTIVE
STRATEGY

CII HAS A
CITY
CONTRACT TO
DECONVERT
FAILED CONDO
BUILDINGS
INTO
APARTMENTS

From its inception, CIC has joined forces with the City of Chicago to accomplish the shared goal of preserving affordable rental housing. Below are brief descriptions of some, but not all, of the ways in which CIC works together with the City.

Troubled Buildings Initiative

Historically, code enforcement on seriously code-deficient multifamily buildings often led to abandonment and subsequent demolition. However, in 2003 the City of Chicago and CIC created the Troubled Buildings Initiative (TBI) to make code enforcement lead instead to improved rental properties. To administer TBI, CIC established an affiliate called Community Initiatives Inc. (CII).

Since 2003, CIC has taken action under this program on 525 buildings with 10,126 units. A total of 242 buildings with 4,834 units have been recovered, and rehab is in process in another 47 buildings with 1,049 units. At the City, this interdepartmental effort involves the Law Department, Buildings Department, Police Department and CAPS Program, and the Department of Housing and Economic Development.

CIC/CII staff act as an agent for the City and for the court in taking action against persistently troubled multifamily properties. At the court's request, staff performs a feasibility analysis on a building. If warranted, the court appoints CII to be receiver on a property and to make court-ordered repairs paid for by TBI funds. CII records liens against the properties and recovers much of the cost for repairs. (If an owner does not pay off a receiver lien, CII can foreclose and obtain title to the property.) The contract is funded with CDBG and City Corporate funds and income from payment of receiver liens. TBI has proven to be a very effective strategy for preserving multifamily rental buildings.

Preserving Government-Assisted Housing

CIC/CII has given special attention to preserving privately-owned, affordable housing originally financed under government programs such as Low Income Housing Tax Credits and Section 8. Frequently, CIC/CII takes temporary ownership of properties to allow the City to take advantage of rights of first refusal offered by HUD. Recent examples include:

- **CEF Portfolio** – CIC/CII inspected, evaluated, and provided written scopes of work for 81 buildings with 2,361 units held by the Chicago Equity Fund (CEF). CIC directly participated in acquiring, selling, and financing 53 of the buildings.
- **Lawndale Restoration** – CIC/CII acted as intermediary to transfer properties to 24 new owners, provided financing for rehabilitation, and on behalf of HUD and the City, has monitored rehabilitation of 1,105 units in 104 buildings, the second largest foreclosure in HUD history.
- **Three South Side Properties** – On behalf of the Interagency Council of The Preservation Compact, CII purchased the mortgage from Fannie Mae, completed foreclosure, and transferred three buildings to new owners (see box, next page). CIC provided first mortgage financing to rehabilitate and preserve the 165 units of Project-Based Section 8 housing.





ARRA Condo Acquisition Program

Starting with work undertaken under the TBI program, CIC discovered more than 250 buildings with more than 2,000 units that have been effectively destroyed by failed and fraudulent condo conversions. Because these predominantly vacant buildings have been legally subdivided with individual units in various stages of ownership by a multitude of owners, it is no longer feasible for them to be redeveloped by new property owners.

CII has a three-year contract with the City to re-assemble these buildings into viable multifamily rental properties. CII acquires the units in a building, files paperwork to deconvert the condominium, and transfers the re-assembled property to a qualified owner who will redevelop the building to provide affordable rental housing. The \$2.5 million contract is paid for by ARRA [American Recovery and Reinvestment Act] funds and runs for three years through September 2012. Under the contract, CII and the City have targeted 15 buildings containing 182 units. To date, CII has acquired 121 units and completely re-assembled three properties.

Complementing CII's efforts, the City successfully supported passage in the state legislature of the 2010 Distressed Condominium Act (DCA) to empower local jurisdictions to seek court orders to deconvert distressed condominiums into rental units. To date, the City has filed DCA lawsuits against 34 buildings, on which judges have issued 14 deconversion orders. On many of these buildings, CII also serves as the court-appointed receiver.

Three buildings saved by creativity, cooperation

In the summer of 2008, tenants rights groups began receiving complaints about three buildings on Chicago's South Side, and the tenants went on local television exposing deplorable conditions in the buildings. The owner stopped filing financial statements required to maintain the low-income rent subsidies (Section 8) for the buildings.

Soon the utility companies posted shut-off notices, and suddenly the buildings were near foreclosure. HUD project staff regularly met with senior staff from members of The Preservation Compact, a cooperative effort aimed at housing preservation comprised of the City of Chicago, CIC, the Illinois Housing Development Authority, the Shriver Center, and the Chicago Rehab Network, among others.

To deal with the immediate problem of the shut-off notices, the City brought all three properties into another cooperative effort, the Troubled Buildings Initiative, and appointed CIC's Community Initiatives Inc. (CII) as receiver for the buildings. Normally, when subsidized, privately-owned buildings go into foreclosure, HUD subsidies cannot be re-assigned and the affordable units are lost. For the first time ever, HUD agreed to re-assign these Section 8 contracts to CII, which then obtained the mortgage and, through foreclosure, the buildings themselves.

Throughout the process, tenants groups communicated with residents and helped them resolve problems as they arose. Today, most residents remain in the buildings. CII recovered its \$4 million investment when the buildings were sold to two different owners with a commitment to high quality, affordable housing. One of those owner-developers, Steven Thomas, said, "I'm hands-on. My goal is for no one to tell, just by looking, that it is subsidized housing. There is no reason why subsidized housing needs to be inferior."

With committed expert cooperation among many individuals and agencies, three buildings were rehabbed and 165 units were preserved for long-term affordable rental housing.

Monica keeps **cic** running smoothly

How did you come to work at **cic**?

I think it was by faith that I came to CIC. In 1989, I was a senior at Westinghouse Vocational High School and needed a job to complete my grade in the business work-study program. I knew nothing about CIC at the time. Sherry Shannon, then-CIC office manager, hired me on the spot after reading my application. She said that I reminded her of herself and that our birthdays were on the same day.

I started out as a clerk/typist and thought it would be only for a few months, but soon I was promoted to receptionist/secretary and then to executive administrative assistant. Sherry always pushed me to do more, because “someday I won’t be here and you will be the office manager and that is what I am training you to be.” Her prediction came true due to her unfortunate passing ten years ago.

As the CIC office manager, I oversee human resources and the administrative department, making sure CIC runs smoothly with office support for our 39 employees. When clients hear what I do, they often say, “You run the company,” and I laugh and say, “No, I am just the person who makes sure the company runs smoothly.”

What’s your favorite part of working at **cic**?

I love working for CIC. The best part is meeting and speaking with clients every day. It is great to know that CIC is helping them create good rental housing and to see the progress of their rehab from beginning to end. Many of our clients have nothing but praise for CIC. They bring in new clients who know they can’t get their deals done elsewhere, but CIC makes their deals possible.

I also get to be more than an office manager. As assistant corporate secretary of the company, I am the keeper of all CIC contracts, agreements and board minutes. In recent years, I have been overseeing a group of work-study interns from Christ The King Jesuit College Preparatory High School in the Austin neighborhood on the West Side. The interns are learning what I learned when I first came to CIC, and they’ll be able to take their new skills with them when they go off to college and into the real world.

What changes do you see on the horizon for this business?

I see CIC being needed for many more years to come because so many neighborhoods still need revitalization. CIC has unique products and continues to look for ways to create new products for individuals who need financing but can’t find it at other institutions.

What is something interesting about you that most people don’t know?

In my spare time, I sometimes help others with planning parties, weddings or for whatever they need. I love to help people make their special day a day to remember. I also have gotten into scrapbooking with all the pictures I have taken over the years. I thought it would be neat to finally sit down and put my photos in a keepsake book, even though it will probably take years to finish.

My family is very important to me and once a year we travel together as a family. I love cruising and try to do it at least once every other year. If not a cruise, our family takes a land trip or goes someplace to relax or just have great fun together.



Monica Kirby, Office Manager



Taft West, Director of Property Management Training

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For information or to register
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Boost curb appeal with landscaping

We continue our discussion on boosting curb appeal from the spring issue. As we noted at that time, you can improve your curb appeal by investing more hard work than money into your project. You needn't break your budget to go from bland to beautiful. Here are some practical ideas to consider:

LAWN CARE TIPS

■ Overseeding

Is your lawn riddled with bare patches due to dog spots, heavy traffic or neglect? If so, you may need to apply grass seed to fill in those bare patches. This solution is known as "overseeding" a lawn. Apply a slow-release nitrogen fertilizer when you overseed. Five weeks after the grass germinates, apply a quick-release nitrogen fertilizer.

Fall is the preferred season to use this tactic, when the new grass won't have to compete with crabgrass which is killed off by autumn frosts. So postpone overseeding until fall, unless your situation is dire.

■ Watering

Watering the lawn is much more than running sprinklers at night or spraying it with a hose. Water management is an integral component of a sound lawn care program. As water increasingly becomes a scarce resource, conservation and lawn management play a more important role in a lawn care program. The water requirements of a lawn can vary depending on grass species, soil texture, climate and desired level of aesthetics and maintenance. Turf generally needs about one inch of water a week.

■ Mowing

Lawnmowing should **NOT** be done when the grass is wet (which makes it vulnerable to disease — plus, you incur the risk of slipping and getting injured). Also, lawnmowing in the evening puts less stress on the lawn than lawnmowing when the sun is pounding down in the afternoon.

Alternate the direction in which you mow each lawnmowing session. If your lawnmower wheels pass over the same area in the same direction each time you mow, they'll form ruts over time. Switching lawnmowing patterns also wisely avoids having the lawnmower blade beating at the grass in the same direction at every mowing.

Planting flowers

What do the flowering plants in your landscaping need to grow properly? Well, giving them a good start certainly helps. And that means carefully matching the **types** of flowers and foliage plants you'll be growing with the space **where** they'll be growing. Light and soil requirements should always be considered before deciding which types of flowers to buy for your yard. By consulting with a professional, you can learn which flowers are your best bet, and you will become a better "matchmaker" between your flowers and where they will grow.

Until next time,
Taft



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Chase, Bank of America donate property

Two CIC investor banks, JP Morgan Chase and Bank of America, are donating property to CIC to be redeveloped as affordable housing to benefit the community. Chase has donated a 24-unit apartment building in South Shore which will be rehabbed by a nonprofit not only as housing but also as a social services site. Similarly, Bank of America announced recently that it will donate foreclosed and vacant condominiums to CIC to support CIC's efforts to reassemble units in failed and fraudulent condominium conversions into viable, rehabbed multifamily apartment buildings.

CIC Board Chairman and JP Morgan Capital Corporation Managing Director Patrick Nash said, "The donation of this property reflects our desire at Chase to selectively identify opportunities to maintain the rental housing stock in the neighborhoods of Chicago. It was determined that CIC was an ideal candidate with whom we could partner, given CIC's unique role as an intermediary and their access to responsible owners."



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