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DEVELOPMENTS

WE HAVE AN OBLIGATION TO ADDRESS THE CHANGING NEEDS OF OUR PEOPLE AND THEY CONTINUE TO NEED A LOT OF HELP RIGHT NOW IN THE FACE OF THIS EPIDEMIC OF FORECLOSURES.

– Mayor Richard M. Daley
Sept 16, 2010



Chicago Mayor Richard M. Daley speaks at a press conference in front of 6015 S. Indiana about the challenge of addressing the impact of foreclosures.

cic works with City to rehab buildings through NSP

Recently, CIC closed two loans to a nonprofit organization, Preservation of Affordable Housing (POAH), to acquire and rehab 6456 S. Maryland (12 units) and 5615 S. Prairie (10 units). These two loans were the first issued by CIC in conjunction with the City of Chicago's Neighborhood Stabilization Program (NSP). Administered by HUD, the NSP was established by legislation in 2008 and 2009 under the American Recovery and Reinvestment Act to stabilize communities that have suffered from foreclosures and abandonment.

A third NSP building with a CIC loan at 6015 S. Indiana (46 units) was the focus of a Mayor Richard M. Daley press conference September 16. "We all know the impact foreclosures can have on our neighborhoods and we know that if we don't continue to address this challenge, we face the prospect that entire blocks in many parts of Chicago may be at risk, threatening our City's economic future," Daley said. He also thanked the City's partners who have helped make the NSP so successful: Mercy Portfolio Services, the Local Initiatives Support Corporation, CIC, the Chicago Community Loan Fund, developers and community organizations.

"We have an obligation to address the changing needs of our people and they continue to need a lot of help right now in the face of this epidemic of foreclosures," the Mayor said. "Through our efficient use of Neighborhood Stabilization funds, we are giving them that help."

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5615 S. Prairie Ave



6456 S. Maryland Ave

POAH PLANS TO TRANSFORM GROVE PARC INTO A VIBRANT, TRANSIT-ORIENTED MIXED-INCOME COMMUNITY.



6015 S. Indiana Ave

All three of the buildings were vacant and in danger of demolition without the assistance of NSP funding. NSP funding is essentially a grant in the form of a mortgage which is forgiven over a 20-year term in exchange for the property being used for affordable rental housing.

So far under NSP, the City has:

- Acquired 343 units in 85 properties,
- Committed funds for court-ordered demolitions of 72 unsafe buildings, and
- Turned over 107 units in 27 properties to developers for rehabilitation.

Under an agreement with Mercy Portfolio Services and the City of Chicago, CIC is providing first-mortgage financing to developers rehabbing multifamily buildings under the Chicago NSP.

POAH buildings part of Grove Parc redevelopment

The 22 units in the POAH buildings are the first of 294 planned units of replacement housing in connection with the much-needed redevelopment of Grove Parc, an aging 504-unit project-based (Section 8) development in Woodlawn that residents and the surrounding community agreed was overdue for redevelopment. Design flaws and physical deterioration have left the property in severe distress. Project-based rental assistance will be transferred to the replacement housing.

POAH has stepped in to take on this challenging redevelopment project, planning to transform Grove Parc into a vibrant, transit-oriented mixed-income community to be named Woodlawn Park.

Located between 62nd and 63rd Streets on Cottage Grove Avenue, the first phase of the multi-year plan will begin construction this year and include 67 units. POAH plans to preserve existing Section 8 subsidies in the redevelopment, both on the original Grove Parc site and in nearby areas.

The \$20.8 million first phase of the development will also pursue a minimum LEED-Silver certification, with design elements that include solar thermal panels for domestic hot water, super-insulation and envelope sealing, and Energy Star appliances, among others.

Chicago-area POAH Director Dan Burke says, “The redevelopment of Grove Parc Apartments presents a unique opportunity to both preserve project-based Section 8 rental subsidies in healthier configurations and to revitalize the Cottage Grove Avenue artery, which is so vital to Woodlawn, with new housing, commercial and recreational opportunities.”

The plans for Woodlawn Park also include 65,000 square feet of retail space, including two major anchor retailers, at 63rd and 61st Streets and Cottage Grove Avenue. Additional community amenities and approximately 420 new mixed-income housing units are also planned as a part of the broad redevelopment to rejuvenate this Woodlawn corridor.

By working with POAH and the Chicago NSP, CIC is leveraging public money with private funds to maximize the redevelopment of Chicago neighborhoods.

Owning and managing a healthy building

Q: Taft, I have a longtime tenant who said that right after we installed new carpeting in her unit, she was having trouble breathing and was getting really depressed. It's brand new, so there can't be anything wrong with it, can there? What should I do?

A: Glad you brought this up. Indoor environmental health is an issue cropping up more and more in our high-tech, chemicalized environment. The first function of a place to live is to provide shelter from the cold, rain, snow and heat. But despite our best intentions, sometimes living spaces can be unhealthy for the occupants, and as owners or managers we should be aware of indoor health issues such as these:

Secondhand Smoke

The issue of secondhand smoke has grown with public awareness of its dangers. As long as you clearly communicate and are consistent with how you approach this problem in the lease, you have the authority to restrict smoking inside an apartment that you own. There are multiple ways to handle it, including moving the smoker to a different unit that isn't close to anyone else who will object to the smoke, or requiring the smoker to smoke only outdoors. Check out a helpful Michigan-based website, www.tcsg.org/sfelp/apt_condofact.htm, which has an extensive discussion of the issue and many good ideas. Knowing how to handle the matter can mean keeping, or losing, a good tenant.

Multiple Chemical Sensitivity (MCS)

Much less well-known than the problem of secondhand smoke, MCS is a complex medical syndrome characterized by debilitating chemical sensitivities. People who are chemically sensitive are made sick by exposure to chemicals found in many common products such as pesticides, perfumes, tobacco smoke, new carpets, air "fresheners," new paint and building materials, and many cleaning and laundry products.

Most of these chemicals will make everyone sick at high levels, but for chemically-sensitive people, exposures to even small amounts of the substances can cause symptoms. Some chemically-sensitive people are mildly affected while others have more severe life-threatening reactions. Symptoms experienced by people with MCS may include headaches, lack of concentration, nausea, diarrhea, fatigue, muscle and joint pain, dizziness, difficulty breathing, irregular heartbeat, and seizures.



Taft West, Director of Property Management Training

The Social Security Administration and the U.S. Department of Housing and Urban Development recognize MCS as a potentially disabling condition. It is covered under the Americans with Disabilities Act on a case-by-case basis. Since this column cannot offer legal advice, consult with an attorney on specific circumstances to ensure that you are in compliance.

Steps you can take to avoid chemical sensitivities and create a healthier environment for all your tenants:

- Apply natural pest control methods instead of toxic pesticides.
- Use low- or zero-VOC (volatile organic compounds) paint instead of solvent-based stains and transparent finishes.
- Install newly-developed nontoxic carpeting instead of carpeting with traditional glues and backing.
- Use natural and unscented cleaning, laundry and sanitizing products.
- Encourage tenants to avoid wearing perfume, cologne and scented personal care products in common areas.
- Avoid air "freshener" sprays, incense and fragrance-emitting devices.

So as a landlord or manager, you're providing more than the proverbial roof over the heads of your tenants. You're giving them a healthy place to live!

Until next time,
Taft

At **cic**, we are able to “make things happen”

How did you get into this kind of work?

My first job was in back room operations at Bank of Nevada in Las Vegas where I grew up. In those days I worked at night to balance the books for next day operations, using an old NCR punch card computer system, which constantly broke down. You did not leave until the books were balanced – which sometimes was 10 a.m. the next day.

In 1970, I moved to Chicago, married and had four children. After my youngest child was in school full-time, I went back to work, accepting a job at Citibank in commercial lending and credit policy and remained with Citi until 1996.

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

I came to CIC to fill the position of Servicing Manager, later assuming Asset Management as well. In 2003, CIC formed a nonprofit subsidiary company, Community Initiatives, Inc. (CII), to deal with troubled tax credit properties through the Troubled Buildings Program, a partnership with the City of Chicago.

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

The best part of working at CIC is the ability to “make things happen.” CIC’s mission has always been to find creative, innovative ways to preserve and improve neighborhood housing stock. We go into rough neighborhoods and find a way to make a rehab loan or purchase a property that is key to turning around the neighborhood.

What changes do you see on the horizon?

The biggest change I see in the Chicagoland marketplace today is regulating commercial

and multifamily lending. Typically, there are two types of lending, cash flow and equity. CIC is a cash flow lender. I do not believe we will see equity lending in the near future, and cash flow lending will become more stringent, requiring increased debt coverage ratios (DCR). In normal times, an increased DCR would not be a big deal, but unfortunately due to the decline in value of most multifamily and commercial properties, it is difficult to refinance existing debt. Refinancing has always been the tool for developers to increase their portfolio or make capital improvements to their properties. There is an upside in this market for developers with available cash to purchase properties at modest prices.

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

While I was working at Citibank, a decision was made to transfer all residential servicing to St. Louis while retaining commercial/multifamily in Chicago. This meant downsizing of the Chicago staff. Under the downsizing scenario, an employee could apply for one or multiple positions that were available. I applied and was accepted as the escrow manager.

However, Manager Jim Davis informed me that I was going to be the Asset Manager instead, since he felt that another employee who had applied for two jobs was a better fit as Escrow Manager. I broke into tears because this would be a whole new world, yet it turned out to be the best thing that ever happened to me. Asset Management is where you really learn to understand value and the character of borrowers. Over the years, good people have gone bust on a property and come back to be very successful on other properties a few years later. So thank you, Jim Davis!



Angela Maurello, Vice President,
Community Initiatives, Inc. (CII)

Energy Savers can save you money, too!

Under the Cook County Energy Savers program (which despite the name goes beyond Cook County), local landlords have borrowed over \$3.1 million for money-saving energy improvements on apartment buildings totaling over 1,100 units.

You, too, can make an investment which will pay dividends in the future by saving energy through new lighting, insulation, efficient boilers, windows, thermostats and more. Some owners have saved as much as 40% on their energy bills through this program.



Here is how Energy Savers works:

1. Request a FREE, no-obligation energy audit by experienced professionals from the Center for Neighborhood Technology (CNT) who specialize in “green” development. Since the program began in 2008, CNT has audited over 12,000 multifamily units.
2. If you want to go ahead and initiate energy improvements, CIC offers low-interest loans to cover the costs, and these loans can be combined into an acquisition or refinancing of your building. The process is not difficult.

Contact CIC Senior Loan Officer James Lackland at 312.870.9925 or james.lackland@cicchicago.com. The sooner you call, the sooner you’ll begin saving money!



news in brief

New regulations for security deposits

Landlords who have property in the city of Chicago should be aware that under legislation passed by the City Council this summer, owners must put tenant security deposits in a federally-insured, interest-bearing bank account in Illinois and must notify the tenant where the funds are. A simple written statement providing that information is all that is required to notify the tenant.

High vacancies? Cook County may give you a tax break

Landlords who have experienced a high vacancy rate may petition the Cook County Assessor’s Office for property tax relief. The relief would be given for a one-year period, with extensions possible if granted by the Assessor. Download the proper forms at www.cookcountyassessor.com or call the Assessor’s Office at 312.443.7550.



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cic RATE WATCH

Adjustable Rate

5.50% for 3-year ARM*
6.00% for 5-year ARM*

CIC adjustable-rate loans typically have a 20-year term, with a 25-year amortization. Rate adjustments are capped and there is no prepayment penalty.

***Rates as of October 15, 2010**
All rates and terms subject to change.

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Saturday
October 30
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FOUR POINTS
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OAK PARK
VILLAGE HALL
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Oak Park, IL

SOUTH

Mon-Thurs
November 8-11
6pm to 9pm

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For more information, call **CIC** or visit www.cicchicago.com