



Community Investment Corporation • Chicagoland's Leading Multifamily Rehab Lender

DEVELOPMENTS

cic preserves thousands of rental units with 102 loans in 2009

The 2009 CIC fiscal year ended September 30. Despite significant upheavals in the economy in general and in multifamily lending in particular, Community Investment Corporation is weathering the financial storm due to strong management, committed staff, and the participation of our investor institutions.

Highlights of this challenging yet successful year are:

- **LOANS.** In FY2009, CIC financed buildings with 2,465 affordable housing units through CIC regular-program loans, Flex loans and other lending products. Of the 102 CIC loans which were approved in 2009 for \$67 million, 91% were affordable to people with 50% or less Area Median Income.
- **TROUBLED BUILDINGS.** This year the program brought under control (completed rehab or under receivership) another 121 of the city's toughest buildings with 1,893 units. Since it began, the Troubled Buildings partnership of six City departments, Housing Court, and CIC/CII (Community Initiatives, Inc.) has processed 456 buildings totaling 8,971 units. CIC is the court-appointed receiver on 79 buildings with 1,090 units. In July, the City renewed its TBI contract with CIC/CII for another three years.
- **ENERGY SAVERS.** Together with the Center for Neighborhood Technology, CIC continued the Energy Savers program in FY09. This program to help owners conserve energy and reduce utility bills on rental buildings has notched 262 energy audits to date, covering 8,300 units. CIC approved 13 loans for approximately \$1 million this year in the innovative program, which has drawn national attention.
- **PROPERTY MANAGEMENT TRAINING.** In 2009, 760 landlords and managers learned the basics of property management in an all-time high 40 different presentations of the course. These usually were presented over four consecutive weekday evenings in locations throughout the six-county area. Trainings are conducted by CIC's experienced property management team.
- **THE TOTALS.** Since we began multifamily rehab lending in 1984, CIC has approved 1,576 loans and a total CIC loan amount of \$953,000,000, resulting in the rehab of 42,236 units.

2009 Highlights

42,236

units rehabbed through CIC loans since 1984.

262

buildings received free Energy Savers audits.

91%

of 2009 CIC loans were affordable with rents to people with 50% or less Area Median Income.

121

more buildings brought under control this year by the Troubled Buildings Initiative.

760

landlords/managers participated in CIC property management training.

102

loans approved in 2009.



Van Vincent, VLV Development
photo credit: John Booz

WITHOUT
CIC/CII A LOT
OF GOOD
AFFORDABLE
HOUSING
WOULD HAVE
BEEN LOST IN
THE CHICAGO
AREA.

– Van Vincent, VLV Development

South Side development shows how Troubled Buildings Initiative renews neighborhoods

Buildings with deep financial problems, serious social problems such as gang or drug activity, and numerous code violations are generally too expensive for a private owner to repair and make financially feasible, putting the buildings at risk of abandonment and demolition. Because these troubled buildings are located primarily in lower-income neighborhoods, the result is a loss of affordable rental units in the communities that need them most.

In 2002, CIC established Community Initiatives, Inc. (CII), a 501(c)(3) nonprofit organization, to preserve this valuable housing stock. In partnership with the City of Chicago, CII takes buildings from code violation to improved physical condition and management, saving them from abandonment and demolition.

In its role as agent for the City, CII evaluates the potential for rehabilitation of distressed properties. As a court-appointed receiver, CII is responsible for rehab, leasing and property management, with a long-term goal of achieving quality, stable ownership and management.

Since 2003, CIC/CII has evaluated more than 450 buildings with more than 9,000 units. The program has been instrumental in the full rehabilitation of 179 buildings with more than 3,400 rental units.

A TBI Case Study

Two years ago, CII Vice President Angela Maurello became aware of three buildings at 6750, 6800 and 6810 S. Normal which were targeted under the City's Troubled Buildings Initiative. Originally, the buildings were rehabbed under the Low Income Housing Tax Credit program in 1995. By 2007, the limited partner had withdrawn from the partnership and turned over all interest to the general partner.

One of the three buildings had only four tenants, three of whom were suspected of drug dealing and other illicit activity. Several unacceptable tenants in the other two buildings also needed to be removed.

As part of the Troubled Buildings Initiative, CII was able to purchase the first mortgage on the buildings from Harris Bank. The City of Chicago and the Illinois Housing Development Authority both assigned their subordinate liens to CII on the understanding that CII would find a good developer for the property and, if possible, recover a portion of their unpaid debt.

CII filed foreclosure and retained a qualified property manager, who hired off-duty police officers to deal with troubled tenants and secure the property. Over the next eight months, CII's property manager evicted irresponsible tenants and closed down all illicit activity in and around the buildings.

CII eventually found a responsible and experienced developer in Van Vincent of VLV Development. "When VLV Development has an affordable housing project, we now name each one in a series called "Transformation," Vincent said. "This project is



Citi recommits to CIC

Pictured from left are Lucille Morgan-Williams, Hermitage Manor board president; Pierre Roberts Jr., a summer intern; Citigroup CEO Vikram Pandit; and CIC President Jack Markowski. Other Hermitage Manor board members not in photo are Andy Simpson, Janice Tillman, Barbara Williams and Pearlie Williams.

Transformation I, the next one is Transformation II, etc. That's because we do more than own property; we look at what the neighborhood needs and try to meet those needs to the extent we can. For example, Transformation I and its 70 residents are across the street from Robeson High School. The project has a great program working with pregnant teens and a child care program." Chicago CBS affiliate WBBM-TV interviewed Vincent in mid-October for a story about the daycare center he maintains in these buildings. Students who are mothers

use the center so their children can be nearby while they attend classes across the street.

Vincent was able to buy and rehab the buildings with financing from CIC. "Our CIC loan officer, Anita Bundze, was tremendous to work with," Vincent added. "We're glad to have the opportunity to work with CIC and CII, because they are really committed to preserving affordable housing in Chicago. Without CIC/CII a lot of good affordable housing would have been lost in the Chicago area."



Transformation 1 development



Transformation 1 development

TIPS FROM TAFT: Surviving the economic downturn

Landlord, it's freezing in here!

Q: Taft, winter is just around the corner and I know that means I'm looking at some monster heating bills for my building unless I do something. Any ideas?

A: Frozen pipes are probably the most common cold-weather problem that building owners face. Water expands as it freezes and eventually pipes — whether they're PVC plastic, galvanized or copper — give way. The most susceptible pipes are ones that take water to outside faucets or sprinkling systems. Burst pipes can ruin floors, rugs, furniture and other belongings. There will be added distress caused to your tenants by inconveniencing them when water is shut off while the repairs are being made.



Taft West, Director of Property Management Training

To prevent these headaches, try the following:

- Consider having a plumber relocate exposed pipes.
- Insulate and seal your basement and crawl spaces.
- Before the first freeze, drain sprinkler supply lines and shut off outside faucets. Do not use antifreeze solutions in these pipes unless instructed to do so by the manufacturer. Antifreeze is harmful to humans, pets and landscaping.
- Disconnect hoses from outdoor faucets, drain them and store them indoors. Turn off the valves that control the water supply to these faucets and open the faucets a bit to allow any stored water to drain.
- Insulate pipes that run through unheated spaces, including those that carry hot water. These pipes can freeze when the hot water heater is not operating.
- Keep the building temperature at levels required by local ordinances. In Chicago, the heating season runs from September 15 to June 1. During this season, a minimum temperature of 68 degrees is required from 8:30 a.m. to 10:30 p.m. From 10:30 p.m. to 8:30 a.m. the minimum is 66 degrees.
- When weather is bitterly cold, open doors to cabinets and sinks that house pipes; this allows warm air into these spaces and will prevent occasional freezing of the pipes.

Follow these suggestions throughout the winter to keep out the cold:

- Clean gutters and downspouts in late autumn — after the leaves have fallen. This prevents ice blockage and helps runoff.
- Check areas that let in cold air, such as basements, crawl spaces, attics, garages, and spaces under kitchen and bathroom cabinets. Caulk any open cracks or add insulation.
- Check to make sure storm windows are shut tight and locked; unlocked windows can be pushed up by strong winds and quickly lower the temperature. Seal window drafts with caulk.
- Remove window air conditioners or insulate the units by: a) removing the front panel; b) inserting plastic sheeting inside; and c) replacing the panel and covering the unit.
- If the building will be empty during the winter, get a plumber to drain your water system.
- Have an emergency kit available: flashlight with extra batteries, first-aid kit, heavy gloves.
- Obtain tenants' phone numbers and make sure they have your emergency contact number and numbers for the community's emergency services.

In these tough times, managing multifamily property is more of a challenge than ever. Taft West, CIC Director of Property Management Training, has more than 30 years experience in property management. "Tips from Taft" is part of a series of articles on how to weather the economic storm.

PROPERTY OWNERS AND MANAGERS

Send YOUR questions to
AskTaft@icchicago.com

“I love to see the progress that takes place from the first time I inspect a building”



Roger Casas, CIC Construction Inspector

How did you get into this business?

I was trained as a civil engineer. After finishing school, I applied to the City of Chicago, but while waiting for the City to act on my application I began to work for an engineering firm in Hillside, IL. Three years later at Christmas time, someone from the City asked me to come in for an interview for a position that had to be filled before the end of the year. Two days later, I was hired by the Department of Housing (DOH). During five years at DOH, I worked with a weatherization program and the Homestead program, for which I determined the scope and budget required for the rehabilitation of vacant houses which had been transferred to the City from HUD.

How did you come to work at CIC?

At DOH through another coworker, I met John Kane, my future CIC supervisor. During a time where layoffs were taking place at the City, I applied to CIC and the rest is history; approximately 17 years later, here I am.

At CIC, I work with borrowers to develop an appropriate rehab construction scope of work and budget for the properties they are seeking to finance. After CIC's Loan Committee approves a loan, I see that the work is completed and contractors are paid.

What's your favorite part of working at CIC?

The part I like best is when I work with a borrower to rehab a building in very poor condition. This brings out in me the desire to take on a challenging project and bring it to completion. I love to see the progress that takes place from the first time

I inspect a building. It is a good feeling to see a building become functional again and disappointing when the deal does not work financially.

I also enjoy working with different people, especially customers. Sometimes I can feel their annoyance when I inquire about so many things, but I still work with the customer to ensure that all the work is completed on time and within budget. All of this is possible by having a budget that is as close to reality as possible.

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

I think we are in for a few challenging years. I see an increase in buildings which don't receive loans because they need so much work or they don't appraise at a reasonable value. It also seems that prospective tenants are tougher than ever, which makes property maintenance and rent collection harder for building owners. I'm optimistic that the economy will begin to recover soon and that we will continue to rehab apartment buildings for many years to come.

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

Most people don't know that I'm a decent tennis player; well maybe, I just used to be. Not only that, but a few years ago, CIC staff was invited by a community organization to a golf outing at which I was bitten by the golf bug. Since then, I have been living all these years with a lot of frustration that only golf fanatics are able to comprehend.



Non-Profit Org.
U.S. Postage
PAID
Chicago, IL
Permit No. 8493



Citigroup CEO Vikram Pandit signed an agreement at Hermitage Manor Cooperative on Chicago's West Side September 29 doubling support to CIC's revolving loan fund to \$50 million. From left are Hermitage Manor Board President Lucille Morgan-Williams, Site Manager Pamela Eldridge, and CIC President Jack Markowski. See additional photo on page 3.

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 28, 2009**
All rates and terms subject to change.

Call Us For Latest Rates
312.258.0070



Contact **cic** for all your multifamily housing needs!

- Mortgages for Acquisition & Rehab
- Energy Saver Loans
- Buildings for Sale

312.258.0070 | www.cicchicago.com

PROPERTY MANAGEMENT TRAINING

Monday-Thursday
November 16-19
6pm to 9pm

SOUTH SHORE
CULTURAL CENTER
7059 S. South Shore Drive
Chicago, IL

Saturday
December 5
9am to 5pm (all day)

OAKTON
COMMUNITY COLLEGE
1600 E. Golf Road
Des Plaines, IL

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