



# DEVELOPMENTS

Community Investment Corporation • Chicagoland's Leading Multifamily Rehab Lender

Recipient of the 2012 MacArthur Award for Creative and Effective Institutions

## New **cic** 1-4 loan fund creates more affordable housing



Chicago Mayor Rahm Emanuel and Illinois Attorney General Lisa Madigan joined CIC in launching the new 1-4 unit loan program at a community meeting in Auburn Gresham.

*"Investing in affordable housing will help families move forward on the road to recovery"*

– Illinois Attorney General Lisa Madigan

Illinois Attorney General Lisa Madigan and Chicago Mayor Rahm Emanuel jointly announced the launch of Community Investment Corporation's new 1-4 Unit Rental Redevelopment Loan Program at an April community meeting in the Auburn Gresham neighborhood on the South Side. This innovative takeout loan program is among the first in the United States to finance the redevelopment of smaller buildings for affordable rental housing.

The 1-4 Unit Rental Redevelopment Loan Program will fill a need in the market by financing approximately 200 buildings and 400 residential units over three years, helping bolster areas still reeling from the recession.

Capitalized by 11 banks, a program-related investment by the MacArthur Foundation and a grant from the Attorney

General's foreclosure settlement funds, the loan pool will finance responsible investors in rehabbing small groups of distressed 1-4 unit buildings in targeted areas.

"Headlines might be touting a rental comeback, but many neighborhoods still struggle with distressed buildings and a significant need for affordable rental housing," said CIC President and CEO Jack Markowski. "By financing clusters of distressed 1-4 unit buildings, our new program will help improve these neighborhoods and provide more affordable rental housing."

"The new loan pool targets the redevelopment of one- to four-unit buildings, which represent nearly 50% of all rental units in Chicago and are too often under-resourced," Mayor Emanuel said at the announcement of the new program. "Through collaboration between the City, businesses, and nonprofits like CIC, the financing will help small- and mid-sized investors make a strong investment in our communities, while most importantly providing affordable housing options for Chicagoans."

"This funding is a down payment on the future for communities hit hardest by the foreclosure crisis," said Illinois Attorney General Madigan, whose office allotted \$2 million toward the loan pool from relief secured in the national foreclosure settlement. "Investing in affordable housing will help stabilize these neighborhoods and help families move forward on the road to recovery."

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The new CIC loan program emerged after The Preservation Compact, a policy collaborative housed at CIC to keep rental housing affordable, delved into the dynamics of 1-4 unit buildings during the downturn. The findings were surprising: Small buildings comprise 48% of Chicago's rental stock, and areas with concentrations of these buildings were disproportionately hit by the crash. Yet, there was no financing available to help investors rehab groups of small buildings. CIC's new program fills this gap.

In addition to the \$2 million grant from the **Illinois Attorney General's Office** and a \$5 million program-related investment from the **MacArthur Foundation**, the 1-4 unit loan fund investors include:

PNC Bank, The Northern Trust, BMO Harris, Urban Partnership Bank, First Savings Bank of Hegewisch, Leaders Bank, **First Eagle Bank**, and

four Wintrust banks: Northbrook Bank, Lake Forest Bank, Village Bank, and North Shore Community Bank.

"Supporting private investment in small rental properties that provide housing options to many Chicagoans is one of the most effective ways to maintain and grow our affordable housing stock," said MacArthur President Robert Gallucci. "The fund will help ensure that entrepreneurs in Chicago can continue and even increase their efforts to support the

stabilization of city neighborhoods as well as the region's housing recovery."

A separate program funded by **The JPMorgan Chase Foundation** (see below) facilitates the acquisition and creative financing of 1-4 unit buildings, which will complement the activities of the Rental Redevelopment Loan Program loan pool.

"We greatly appreciate the participation of Attorney General Lisa Madigan, the MacArthur Foundation, and all of our bank partners. The capital they've provided will improve distressed neighborhoods and spur additional investments," Markowski commented.



CIC President Jack Markowski and CIC Board Member Tony Smith welcomed Illinois Attorney General Lisa Madigan at the launching of the new CIC loan program.

## Chase 1-4 program a joint effort

In January, The JPMorgan Chase Foundation announced a \$5 million grant to an innovative partnership of three local Community Development Financial Institutions (CDFIs) – CIC, Chicago Community Loan Fund (CCLF), and Neighborhood Housing Services of Chicago (NHS) – to stabilize neighborhoods hit hard by foreclosures and vacancies resulting from the recent recession.

"JPMorgan Chase views Community Development Financial Institutions as critical change agents in underserved communities," said Matt Reilein, senior vice president in charge of CDFI and New Markets Tax Credit lending for Chase. "Our \$5 million commitment in Chicago is part of the \$33 million made through our new CDFI Collaboratives program that will help our partners serve more people in need, as well as catalyze investment in low- and middle-income communities across the US."

CDFIs are designated by the US Treasury to provide loans, investments, financial services, and technical assistance to underserved populations and communities.

CIC, CCLF and NHS will coordinate acquisition and lending activities to 1-4 unit properties in low- and moderate-income communities throughout the Chicago area. They will:

- Expedite acquisition of buildings shackled with back taxes or stalled in the foreclosure process;
- Finance redevelopment of acquired properties for rental housing; and
- Finance improvements in owner-occupied properties to upgrade conditions and enhance affordability.