

Saving Neighborhoods

One home,
one block at a time

REALTORS® Play a Key Role

By IAR Local Governmental Affairs
Director Brian A. Bernardoni

Talking to Chicago REALTORS® Mabel Guzman and Zeke Morris about their role in the City of Chicago's Neighborhood Stabilization Program (NSP) is kind of like asking a proud parent about their child; expect a lot. Part of that comes from their deep commitment to the industry but also their passion for rebuilding some of Chicago's communities hardest hit by foreclosure.

"An NSP deal feels different than your average real estate investor as a client," said Guzman with Century 21 S.G.R., Inc. and president-elect of the Chicago Association of REALTORS®. "We have a different sense of hope, anticipation and the energy you feel when you know a family will be living here soon. NSP has given REALTORS® in Chicago the opportunity to show our business at its very best."

The Neighborhood Stabilization Program is a nationwide effort authorized under the Housing and Economic Recovery Act (HERA) of 2008 providing nearly \$4 billion in grants to states and local governments to purchase and redevelop foreclosed and abandoned properties. A second round of funding was approved under the American Recovery and Reinvestment Act of 2009 providing grants to states, local governments and nonprofits on a competitive basis.

The City of Chicago NSP grant program focuses on 25 south and west side communities with boarded-up buildings. The federal NSP funds will allow the city to buy and rehab more than 1,400 foreclosed and vacant properties in order to protect public and private investments in those neighborhoods. The city chose the 25 areas of greatest need from its 77 official community areas based on local foreclosures and sub-prime loans.

Morris, a REALTOR® with Keller Williams Realty C.C.G. who served this past year as Public Policy Chair for the Illinois Association of REALTORS®, says: “We developed a team approach and through hard work we will soon see that communities that were written off won’t be. I am very proud of this. We have a unique opportunity to go back into the communities and to empower them to be part of the revitalization—from church groups to community organizations. It shows REALTORS® have hearts.”

The Chicago NSP program is coordinated by Mercy Portfolio Services, Inc., a subsidiary of the Denver-based nonprofit Mercy Housing Inc. Among the many partners in the venture are representatives from the City of Chicago, the Illinois and Chicago Associations of REALTORS®, HUD, and several non-profit organizations.

“All hands must be on deck for the Neighborhood Stabilization Program to succeed. In the Chicago region, we are seeing an unprecedented amount of collaboration and commitment between many stakeholder groups, including REALTORS® and local government that all have a mutual interest in making this program excel.”

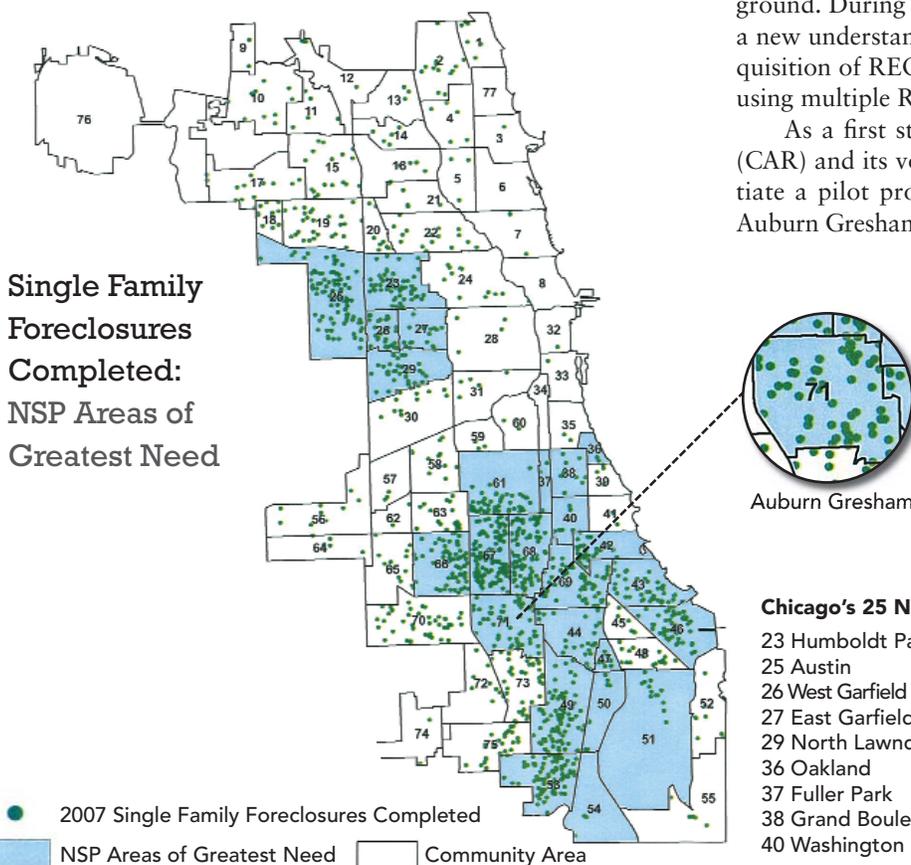
Lee Deuben, Housing and Community Development Planner, Chicago Metropolitan Agency for Planning

Relying on REALTOR® Expertise

Early efforts by Mercy and the city were primarily organizational, and concerns were raised that the task was perhaps too daunting in that \$55.2 million must be spent before September of 2010 to fulfill the grant. Reacting positively to the concerns raised, starting in mid-March, discussions were initiated between Chicago REALTORS® and Mercy Portfolio Services to act as an intermediary connecting banks and loan servicers that control foreclosed homes to an approved list of developers and contractors who—for set fees, not price markups—will rehab the properties for resale.

For most REALTORS®, handling multiple transactions is what they do; but for a group like Mercy, it was uncharted ground. During the two-hour meeting Mercy came away with a new understanding of how arduous and bureaucratic the acquisition of REOs looked like in Chicago but also the value of using multiple REALTORS® in assisting them with the project.

As a first step, the Chicago Association of REALTORS® (CAR) and its volunteer leadership worked with Mercy to initiate a pilot program with a comprehensive indexing of the Auburn Gresham community, one of the 25 targeted areas. Guz-



REALTORS® Zeke Morris and Mabel Guzman stand in front of a row of foreclosed homes in the Auburn Gresham neighborhood in Chicago, one of 25 areas targeted in the City of Chicago's Neighborhood Stabilization Program. Photo by Photoprose.



Chicago's 25 NSP Areas

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| 23 Humboldt Park | 42 Woodlawn | 54 Riverdale |
| 25 Austin | 43 South Shore | 61 New City |
| 26 West Garfield Park | 44 Chatham | 66 Chicago Lawn |
| 27 East Garfield Park | 46 South Chicago | 67 West Englewood |
| 29 North Lawndale | 47 Burnside | 68 Englewood |
| 36 Oakland | 49 Roseland | 69 Greater Grand Crossing |
| 37 Fuller Park | 50 Pullman | 71 Auburn Gresham |
| 38 Grand Boulevard | 51 South Deering | |
| 40 Washington Park | 53 West Pullman | |

man and Morris canvassed six blocks where nearly three dozen properties were identified. A report detailing the buildings and surroundings was given to Mercy for their review. From small single families to large multi-unit buildings the diversity of board-ups was significant. Many of the buildings were near small parks, businesses, churches and schools. Vacant lots were also identified and charted for use by Mercy.

Ultimately, after seeing the scope of work provided by the first pilot, it was decided that REALTORS® were best situated to assist Mercy and the City of Chicago. Mercy then began the process to develop a Request for Qualifications (RFQ) for real estate licensees as well as for other professionals including developers, appraisers, and board-up companies among other roles. The Chicago Association had a major role in developing the concept, drafting and distributing the RFQ to its members and maintains a visible role on the Chicago NSP advisory board.

How NSP Chicago Works

- Pre-qualified REALTORS® review properties in a community and provide a report to Mercy.
- Mercy reviews the property report for approval. Price is the driving point. (For example, units with more than \$50,000 in rehab costs stemming from mold, kitchen problems, and disrepair may not make the cut. However Mercy has proven to be innovative in working with REALTORS® so if the building in question is one which will make a positive impact on the community—a deal may be facilitated.)
- REALTORS® begin negotiations with banks.

With the funds expected to be fully allocated this year in advance of the September 2010 deadline, it's no surprise that the National Association of REALTORS® and the Chicago Metropolitan Agency for Planning (CMAP) see merits utilizing REALTORS® within the Chicago NSP as a road to success. 

Setting the Stage for Future NSP Grants

By Sharon Gorrell,
IAR Local Government Affairs Director

Virtually all IAR local Governmental Affairs Directors (GADs) have been working with their elected officials and municipal staff to implement the NSP program in cities and towns across the state.

This past August several members of the Illinois Association of REALTORS® took part in an important panel discussion with key decision makers on the Neighborhood Stabilization Program (NSP). REALTORS® Mabel Guzman of Century 21 S.G.R in Chicago, John Hoffman, broker-owner of Whyrent Real Estate Company in Oswego, and Elise Livingston with Re/Max Plaza in Richmond each gave an area market report and shared their thoughts and experiences on NSP thus far at the quarterly meeting of the Chicago Metropolitan Agency for Planning (CMAP). Several municipalities and counties were represented to hear the REALTOR® input. While a vibrant discussion took place, the resonating message was clear. Partnership with REALTORS® is key to meeting the goals that municipalities set to achieve with the program.

At the end of the meeting all hoped that this would set the stage for increased partnerships as the first round of grants (NSP1) are currently being allocated, in addition to any new programming that would result from the U.S. Department of Housing and Urban Development (HUD) approving NSP2 grant requests made by the City of Chicago, a CMAP consortium, and several others across the state. Grant approval is expected by the end of 2009.

IAR Local Governmental Affairs Director Tom Joseph reports the City of Joliet received funding of \$3.5 million under NSP for the purchase and redevelopment of abandoned and foreclosed homes and residential properties. As of September 9, 2009, the city had used 35.5 percent of the funding to acquire 12 properties. Joliet is also part of the CMAP consortium. Will County

“It was so valuable to have the people who are actually working to address foreclosures speak to us. Their hands-on experience and continued involvement will pay dividends to the taxpayers. The use of these funds needs to be impactful and they have helped put us on the right track. It was great!”

Alfredo Melesio, Director of Neighborhood Services, City of Joliet NSP program

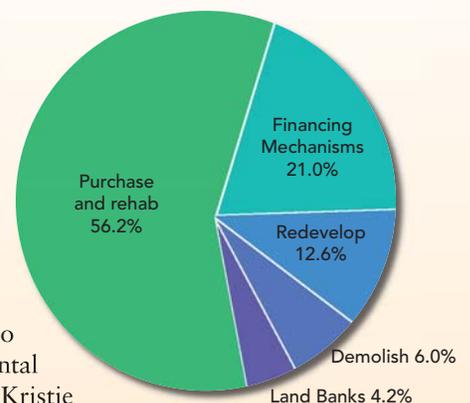
has received 5.5 million dollars and has started working with REALTORS® to purchase properties to resell under NSP.

Rock Island and Quincy have pledged to work closely with local REALTOR® members as they put their NSP programs in place, according to IAR Local Governmental Affairs Director Kristie Engerman. Quincy plans to re-

develop, sell and rehab homes in a specified neighborhood to provide affordable rental and homeownership opportunities for low and moderate income households working through the Illinois Housing Development Authority's first-time homebuyer program. Rock Island plans to purchase and renovate properties to provide affordable homeownership opportunities for low, moderate income households and persons with disabilities. 

How states and cities will use their NSP funds

(Source: Enterprise Community Partners)



For a list of NSP allocations by Illinois community, follow these links:

- > Illinois Department of Human Services
www.dhs.state.il.us/page.aspx?item=45926
- > U.S. Department of Housing and Urban Development
www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/localallocations.xls