

PUBLIC NOTICE

CHICAGO REHAB NETWORK NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2) AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

NSP2: PROPOSED USES OF FUNDS AND TARGET GEOGRAPHY

The Chicago Rehab Network (CRN) with a consortium of nonprofit organizations including: Bickerdike Redevelopment Corporation, Bethel New Life, Hispanic Housing Development Corporation, Heartland Housing, The Resurrection Project, The Renaissance Collaborative, Acorn Housing Development, Claretian Associates, Genesis Housing Development Corporation and Lawndale Christian Development Corporation, intends to apply for grant funds through the Neighborhood Stabilization Program 2 (NSP2) under the American Recovery and Reinvestment Act of 2009.

This summary statement includes information regarding the proposed targeted geography, the proposed budget and the proposed uses of the funds. This document has also been posted on the Chicago Rehab Network website at <http://www.chicagorehab.org/policy/Foreclosures.aspx>. Persons with questions about this document may call Rachel Johnston at 312-663-3936 for additional information.

CRN will accept comments concerning this proposed NSP2 plan summary from July 3, 2009 through July 13, 2009. Written comments may be mailed to Rachel Johnston at Chicago Rehab Network, 53 West Jackson Blvd. Suite 739, Chicago, Illinois 60604 or email Rachel@chicagorehab.org.

A public meeting to hear comments will be held on July 9th at 6pm to 8pm at the CRN offices, 53 W. Jackson, Suite 739, Chicago, Illinois

CRN will submit the application for NSP2 funding to the United States Department of Housing and Urban Development (HUD) on July 17, 2009.

I. Background on NSP2

NSP2 is an allocation of funds provided under the American Reinvestment and Recovery Act of 2009 (Public Law 111-005) (Recovery Act) for additional activities under Division B, Title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-389) (HERA), as amended, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes.

Applicants will compete for up to 1.93 billion of NSP2 funds to carry out neighborhood stabilization programs. HUD will select NSP2 programs that integrate the following principles: retain Community Development Block Grant distinctive requirements; target the community; rapidly arrest decline; assure compliance with NSP “deep targeting” requirement that no less than 25% of the funds be used to benefit individuals and families at or below 50% of the area median income; ensure longest feasible continued affordability; support projects that optimize economic activity and number of jobs created or retained or that will provide other long-term economic benefits; coordinate planning and resources; leverage resources and remove destabilizing influences; set aggressive, but achievable goals and ensure accountability.;

II. Proposed Target Geography

The attached Chart 1 defines the census tracts and community areas which will be defined as “target geography” in the CRN Consortia NSP2 Program. The target geography is the specific geography where the NSP2 program activities will be carried out. The CRN target geography selected both (1) maximizes the average HUD “need “score” to assure a competitive application, (2) addresses the unmet demand for affordable rental housing (3) builds upon the success of recent and current neighborhood stabilization efforts being carried out by its Consortia member organizations.

The CRN Consortia NSP2 program strategy will leverage an estimated \$48,380,000 of public and private resources throughout Chicago in neighborhoods including but not limited to: Austin, East Garfield Park, Englewood, West Englewood, Humboldt Park, Kenwood, Pilsen, Belmont Cragin, Lawndale, South Chicago, Greater Grand Crossing. These targeted areas have been disproportionately affected by recent high levels of foreclosures and current recessionary economy. As required by the HUD NSP2 NOFA, the full proposal lists qualified census tracts in these communities which have an average combined risk score of 18.

III. Proposed NSP2 Activities and Budget

Based on researched gathered by CRN Consortia the most appropriate strategy to stabilize and revitalize targeted neighborhoods is acquisition and rehabilitation of foreclosed multi-family dwellings (4-units and up) and single-family dwellings for affordable rental housing and/or lease-to-own single-family housing.

CRN Consortia is designed to help accomplish six main goals/ short-term outcomes:

1. to arrest the decline in home values based on average sales price in targeted neighborhoods due to negative effects of a high number of homes that have been foreclosed upon;
2. to reducing or eliminate vacant and abandoned residential properties;
3. increasing the supply of affordable rental housing for household with incomes below 60% of the area median income;
4. to increase the supply of and affordable single-family housing for household with incomes between 50% and 100% of area median income.
5. to establish connector networks to undertake community development activities with resource providers where it is easier for resource providers to work with consortia members in the community and with each other. This connector of networks will streamline and simplify and support processes and promote cross agency and cross discipline collaborations.
6. to provide energy efficient/sustainable housing redevelopment for rental multifamily, to first-time homeownership.

The long-term outcomes may include, but are not limited to: increased sales of residential property in targeted neighborhoods; increased median market values of real estate in targeted neighborhoods; decrease homelessness or near homelessness of household displaced because of foreclosed rental and/or single-family homes by providing affordable housing units in targeted neighborhoods.

The Consortia members have established a goal to use 50% of NSP 2 funds to purchase and redevelop rental units and/or homes individuals and families at 50% of median and below and will continue affordability standards under the requirements of HERA, Section 2301 (f)(3) (A)(ii).

Furthermore, CRN Consortia will build a culture of transparency and accountability that accounts, monitors and evaluates: decline of home values, reduction/elimination of vacant and abandoned residential properties, increase sales of residential property short term and long term.

CRN Consortia Approach:

- Property Identification - CRN Consortia will maintain a data-based and coordinate the acquisition or transfer of real estate owned (REO) properties from lenders, loan servicers, investors and GSEs locally (FHA foreclosed properties) and work through Consortia members to return the properties to the stock of rental and ownership housing available primarily for low- and moderate income families.

- Saving Time and Effort – Acting as a single point of contact with the leading financial institutions in negotiating the acquisitions of REOs when feasible thus saving the Consortia members considerable time and effort.
- Sustainable Buildings and Green Design - Properties developed by the CRN Consortia will be a sustainable building, or green building design which focuses on increasing the efficiency of resource use — energy, water, and materials — while reducing building impacts on human health and the environment during the building's lifecycle, through better design, construction, operation, maintenance, and removal.
- Simplifying the Process – The Consortia provides a standardized and simplified process for inspecting properties and evaluating offers from sellers.
- Model Lease-to-Own Program- CRN Consortia will establish a model lease-to-own program in collaboration with Self-Help Secondary Market Lease-Purchase Product.
- Predevelopment Financing - CRN Consortia shall leverage pre-development financing by providing a loan-loss reserve as a credit enhancement.
- Long-Term Affordability - To the maximum extent practicable, the Consortia will ensure that the sale, lease to purchase, rental or redevelopment of abandon and foreclosed upon homes remain affordable to individuals and families whose incomes do not exceed the original income assisted % of AMI and by HERA requirement (Section 2301(f)(3)(A)(ii) 25% will remains affordable to individuals and families whose incomes do not exceed 50% of AMI
- Providing Financing Mechanism - The Consortia will also provide short- and intermediate-term financing through its Lender Partners for the purchase and rehabilitation of foreclosed and abandoned property – for sale and for rent.
- Economic and Social Supports – The Consortia will provide renters and homeowners with ongoing homebuyer, financial counseling/coaching, economic and social supports necessary to ensure long-term housing sustainability, a continuum of care and services.

CRN Consortia will undertake the following activities in the following approximate quantities during the first three years of NSP2:

1. Acquisition of 200 single-family homes
2. Rehabilitation of 200 single-family homes
3. Acquisition of 300 multi-family rental units
4. Rehabilitation of 300 multi-family rental units
5. Redevelop 5 vacant parcels for multi-family rental units

It is anticipated that program income will be generated from sales of rehabilitated homes. Therefore a portion of the NSP2 funds will be available for reuse. The above quantities of activity are for the first three years of the proposed program. A summary of each activity and funding is presented in the chart that follows:

Program Activity	Budget	Eligible Activity from CDBG Regs
1) NSP Rental and Lease to Purchase Single Family and 2-4 Unit Structures	14,402,000	NSP(A) Financing Mechanisms for purchase and redevelopment 24 CFR 570.206; NSP (B) 24 CFR 570.201 (a) Acquisition (b) Disposition (i) Relocation (n) Direct homeownership assistance 570.202 eligible rehabilitation and preservation activities for homes and other residential properties
2) NSP Redevelop Demolished or Vacant properties 6+ units	26,940,000	NSP(D) Demolish blighted structures and NSP (E) Redevelop demolished or vacant properties 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and 24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties. 24 CFR 570.204 Community based development organizations. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
3) NSP Financing Mechanisms Soft Seconds Loan loss reserves shared equity loans, purchase foreclose, homes rehabilitation, Direct Homeownership assistance.	880,000	NSP (A) Financing Mechanisms for purchase and Redevelopment 24 CFR 570.206; NSP (B) 24 CFR 570.201 (a) Acquisition (b) Disposition, (i) Relocation, (n) Direct homeownership assistance 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).
4) NSP Homebuyer Counseling/Financing Literacy	1,320,000	NSP (B) 24 CFR 570.201 (home counseling required); 24 CFR 570.201 (e) Public service for housing counseling
5) NSP Administration	4,838,000	NSP2 allows 10% of initial allocation and 10% of program income to be used for general administration and planning activities 24 CFR 570.205 and 24 CFR 570.206
Total	\$48,380,000	