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**MAYOR DALEY OUTLINES PLANS FOR USING FEDERAL, PRIVATE FUNDS  
TO STABILIZE NEIGHBORHOODS HARDEST HIT BY FORECLOSURE CRISIS**  
*More than \$55 Million Available to get Foreclosed Properties Up-to-Code and Occupied*

Mayor Richard M. Daley today outlined the city's plans for using more than \$55 million from federal and private sources to revitalize Chicago neighborhoods hardest hit by the national mortgage foreclosure crisis.

"The City's foreclosure prevention programs have served as national models, but we know that despite our best efforts, some homeowners will lose their homes. The City recognizes the magnitude of this problem and its potential to slow down the progress we have made in neighborhoods all across Chicago," Daley said in a news conference held at Navy Pier.

"If we don't continue to address this challenge, we run the risk that whole streets in many parts of our city may be at risk, threatening the economic future of these homeowners and the tax base of our city," he said.

The mayor said that Chicago anticipated the foreclosure problem and began to address it years ago, but that no one could have predicted how severe the problem would become.

The nation's home mortgage foreclosure crisis is having a profound effect on hardworking families throughout the country and it is expected that the number of foreclosures and late payments on home mortgages will continue to rise.

Last fall, the City was allocated \$55.2 million in federal funds through the Housing and Economic Recovery Act of 2008 to help stabilize neighborhoods most impacted by foreclosure. This week, HUD approved the City's plan for use of the money.

This federal funding cannot be used to help families facing foreclosure, but is designed to address vacant, foreclosed homes in areas of greatest need.

An increasing number of Chicago's foreclosed properties end up being owned by lenders. These properties are in poor condition, in need of significant work and are often located in areas where the supply of for-sale homes already exceeds demand. Typically, these properties remain vacant for several years.

"Foreclosures have a devastating impact on homeowners and communities. These properties attract vandalism, arson, and other crime and they discourage people from investing in the neighborhood," the Mayor said.

"Our primary goal is to get foreclosed properties up-to-code and occupied. We will use these funds to put vacant, foreclosed properties back to productive use by coordinating targeted revitalization efforts in Chicago neighborhoods," he said.

Through the program, the city currently expects to put 2000-2500 vacant and foreclosed properties back to use over the next 3-5 years by helping to transfer the vacant properties owned by financial institutions to approved redevelopment partners.

To manage this effort, an umbrella organization -- Mercy Portfolio Services --will manage the process of acquiring, redeveloping, and repositioning properties in the target areas.

In addition to the federal money, Daley also said the city has received \$16 million in private funding to help implement the initiative.

The MacArthur Foundation is supporting this initiative with a \$500,000 grant and a \$15 million long-term, low-interest loan.

"This is an example of strong leadership that recognizes the impact foreclosures can have on our neighborhoods and has generously targeted substantial resources to its home city," Daley said.

Living Cities Inc., a national consortium of foundations and financial institutions, is also supporting the effort with a \$500,000 grant.

The City has also received funding from Bank of America and Citigroup.

The mayor said the City will continue its longstanding variety of foreclosure prevention efforts in every Chicago neighborhood, including:

- The HOPI 311 Campaign, which connected more than 7,500 residents with free credit counselors last year. Since 2003, the City of Chicago, Neighborhood Housing Services of Chicago, 22 lending institutions and the Federal Reserve Bank of Chicago have prevented more than 2,000 foreclosures, reclaimed nearly 550 vacant, troubled buildings, and counseled more than 12,000 Chicagoans through HOPI.
- The Borrower Outreach Days, which have assisted nearly 2,600 homeowners via 13 events to date, and
- The Early Warning Program, which gives homeowners facing foreclosure more time to get help, work out solutions, and we hope, keep their homes.
- The City supports eight HUD-certified counseling agencies and leveraged private resources to increase counseling capacity in Chicago.
- Rental Tenant Notification: At the urging of Mayor Daley, the Illinois General Assembly passed legislation in 2008 to strengthen existing protections for renters impacted by foreclosure of their building. The City has passed an ordinance requiring rental property owners and landlords to notify tenants within 7 days of a foreclosure filing.
- Increased Access to Legal Assistance for Impacted Renters: The City supports the Lawyers' Committee for Better Housing, which offers legal representation to rental tenants evicted due to building foreclosure.

Daley also called on Congress and the Illinois General Assembly to take further steps to address the foreclosure crisis

At the federal level, the city supports legislation to allow bankruptcy judges to modify mortgage loans and increased funding for the Neighborhood Stabilization Program as part of the 2009 Economic Stimulus bill.

Further, some of the remaining \$350 billion in the federal Troubled Asset Relief Program (TARP) funds must be used for foreclosure relief programs and to make credit available to borrowers, the Mayor said.

At the State level, the City supports legislation to create a Foreclosure Prevention Counseling Fund and legislation that expedites City intervention on distressed condos.

"The foreclosure problem requires everyone's attention: government, not-for-profits, the lending industry, and philanthropic partners. We must work together to keep families in their homes and create solutions that will protect our neighborhoods," Daley said.

“If we don’t continue to address this challenge, we run the risk that whole streets in many parts of our city may be at risk, threatening the economic future of these homeowners and the tax base of our city,” he said.

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