



NHS of Chicago, Inc.

Background

Neighborhood Housing Services of Chicago, Inc. (NHSC) was established over 29 years ago with a mission to rebuild under-served neighborhoods in Chicago, Illinois. NHSC fosters community reinvestment through a partnership of neighborhood residents, local businesses, and government agencies. Together, they devise neighborhood solutions that restore investment, and create empowered, self-reliant homeowners. NHSC activities include property redevelopment, homebuyer assistance programs, counseling and education services, and rehab and repair loans.

Home Ownership Production

The NHSC Home Ownership Center offers a broad range of pre and post-purchase counseling and education programs. Down payment and closing costs assistance is available to qualified homebuyers in conjunction with first mortgages originated by NHSC's wholly owned in-house mortgage corporation. Funds are provided through a pool of local lender partners. Existing area homeowners can access rehab and repair services through a wide variety of targeted programs.

Goals and Accomplishments

NHSC joined the NeighborWorks® Campaign for Home Ownership in January 1993. The HomeOwnership Center opened in March 1999. In the first three years (1998 – 2000), 552 new homebuyers were produced and 7,225 customers received homebuyer education.

| <i>Calendar Year</i> | <i>Homebuyers Educated</i> | <i>Homebuyers Produced</i> | <i>Annual Budget (Fiscal Year)</i> |
|----------------------|----------------------------|----------------------------|------------------------------------|
| 2001 | 2,984 | 149 | \$6,948,790 |
| 2002 | 1,983 | 137 | \$6,448,909 |
| 2003 | 1,591 | 150 | \$6,327,502 |

Target Markets

The NHSC Home Ownership Center serves the entire City of Chicago. Special emphasis is placed in the NHSC-focused neighborhoods of West Englewood, West Humboldt Park, Roseland, Back of the Yards, Garfield Blvd., Auburn Gresham/Englewood, Chicago Lawn/Gage Park, North Lawndale and South Chicago.

Customer Demographics*

The demographic breakdown of NHSC customer households is:

| | |
|---|-----|
| Below 50% area median income (AMI) | 16% |
| Between 50 and 80% AMI | 37% |
| Female-Headed Household | 39% |
| Black | 52% |
| Hispanic | 37% |
| White | 8% |
| <i>* Source Campaign for Home Ownership 2002 (1998-2001 production)</i> | |

NHS of Chicago, Inc.

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Staffing

The Center currently is staffed by seven full-time positions. The position titles, number of staff members that hold the position (in parentheses), and summary descriptions of duties and responsibilities for Home Ownership Center employees follows:

- **Director of Home Ownership Services (1):** This position manages the Home Ownership Center and oversees its operations and personnel needs. The Home Ownership Center provides a range of services, including homebuyer development classes; individual counseling/consulting for new homebuyers; access to lenders for mortgage pre-approval; post-purchase programs, services & training; foreclosure intervention services & strategies; home ownership preservation services & strategies (including refinancing of loans that have predatory characteristics); financial fitness training; Employer-Assisted Housing (EAH) programs and grants; and “Choose to Own” (“Section 8 for Homeownership” program). This position is also responsible for relationships with Lenders/Service providers on loss mitigation/loan workouts; marketing to partners for new EAH initiatives; liaison with employers and Metropolitan Planning Council for ongoing EAH programs; and liaison with CHAC for Section 8 program.
- **Home Ownership Consultant (5):** These staff members provide a variety of classroom and individual training to potential homebuyers; provide intervention services for homeowners at risk of foreclosure or caught in a predatory loan; and market NHS’s home ownership services to community groups, realtor groups, etc. One of these positions also specializes in managing an IDA program in one of the targeted NHS neighborhoods, while others also specialize in EAH programs, CHAC-Choose To Own, or foreclosure intervention/home ownership preservation services and strategies.
- **Program Associate (1):** This position provides administrative support to the Home Ownership Center, including scheduling classes and individual counseling sessions; tracking enrollment for certification upon completion of the curriculum; customer tracking in Home Counselor On-line; maintaining supplies of written materials for classes and special events.
- **Loan Originators, Construction Specialists, Loan Specialists, Underwriter, Loan Closers (22 total):** These staff positions are part of the Lending and Home Ownership Services Department of NHS of Chicago, of which the Home Ownership Center, the Lending Division, the Construction Services Division and Legal Services are all a part, under the direction of an NHS Associate Director. This structure provides a continuum of services for a variety of home ownership needs, from preparation for home ownership, through purchasing a home, and on to maintaining the home (with home improvement financing) and staying in the home (when foreclosure threatens). NHS’s not-for-profit residential mortgage licensee, Neighborhood Lending Services, Inc. (NLS) originates all NHS loan products.

Unique Innovations

Summary of Innovations

The following is a summary of initiatives that NHS has undertaken in support of Home Ownership Center activities:

- In 2003, NHS created a new capital funding mechanism - a \$100 Million mortgage-backed Certificate pool that involves 30 conventional lending institutions. Through the use of this capital pool, NLS originates loans for home purchase, purchase/rehab, home improvement, refinance/rehab, refinance of improvident or predatory loans, and foreclosure intervention. This lending is directly related to NHS’s Neighborhood Revitalization, Home Ownership Center and Home Ownership Preservation activities. In support of the latter activity, NHS has a working partnership with the Legal Assistance Foundation and a pool of *pro-bono* attorneys to provide legal services to NHS clients who are at risk of foreclosure.
- NHS has expanded its partnerships through the Home Ownership Preservation Initiative which includes Lender/Service providers with both prime and sub-prime portfolios and the City of Chicago. This Initiative is developing new and creative strategies and resources to address the problem of foreclosures in Chicago’s neighborhoods and is creating the linkages that result in homeowners keeping and sustaining their home ownership affordably; that bring new resources to bear on the problem of foreclosed/vacant properties in neighborhoods, and that expand the dialogue regarding new and different solutions to support the ongoing revitalization of neighborhoods.

- NLS uses a variety of underwriting standards for home purchase and purchase/rehab loans, including the NeighborWorks® \$1,000/2% down payment program, a Fannie Mae product requiring only 1% down payment with flexible underwriting, and the Freddie Mac *Family Plus* product that provides enhanced underwriting and reduced down payment requirements for owner-occupied 2-4 unit homes.
- In partnership with the City of Chicago, NLS’s “Neighborhood Lending Program” uses federal CDBG funds to assist low- and moderate-income homebuyers and homeowners to purchase, rehab, or preserve their home. Deferred and/or forgivable loans are available for down payment and closing cost assistance, to improve the affordability or sustainability of a borrower’s home ownership, for lead-based paint mitigation, and to enhance rehab and home improvements. NLS offers subordinate financing in conjunction with first mortgages from NHS partner-lenders, and these fixed-rate loans are used in lieu of private mortgage insurance. NLS offers the “Tax Smart” Mortgage Credit Certificate to both first-time homebuyers and home improvement borrowers. This Certificate provides a tax credit that allows borrowers to use a portion of their mortgage interest each year to reduce their federal income tax liability. NLS partners with lenders for FHLB “Affordable Housing Program” grants for closing cost assistance to low- and moderate-income first-time homebuyers who obtain first mortgage financing from an FHLB member and a subordinate loan from NLS.
- NHS is providing homebuyer preparation to participants in five Employer-Assisted Housing programs and is a partner with the Metropolitan Planning Council (MPC) in the development of additional EAH programs in Chicago.
- NHS is a participant in the CHAC’s “Choose to Own” program – the Chicago version of the HUD “Section 8 for Homeownership” initiative. NHS is one of four community-based organizations providing homebuyer education and NLS also provides subordinate mortgage financing that is used in lieu of mortgage insurance in the home purchase transaction. Section 8 voucher payments will be used to pay back these second mortgage loans within the same term as the Section 8/Homeownership program.
- Under HUD’s Asset Control Area (ACA) program, NHS’s development division (NHSRC) acquires vacant properties from HUD’s inventory for rehab and resale to low- and moderate-income first-time homebuyers. The ACA program touches several NHS neighborhoods and supports NHS’s neighborhood revitalization efforts while providing a source of fully-rehabbed affordable housing to first-time homebuyers. NHS has expanded its efforts through its HOPI partnership and also acquired vacant properties that participating Lenders/Services have in their REO portfolios. Homebuyers can qualify under a variety of underwriting scenarios offered by NLS or its partner-lenders.
- The HOC and the NHS neighborhood offices market NLS’s loan products, homebuyer education services and homeownership preservation services through local neighborhood marketing that includes newspaper advertising, marketing to neighborhood networks, local neighborhood events, “report card pick-up” days at local schools and through the City of Chicago Community Alternative Policing Strategy (CAPS) meetings held monthly in each police district. On a citywide basis, NHS is a designated agency that receives referrals from the City of Chicago’s “311” information/services number; NHS maintains a 24-hour 1-800# answering service that provides basic information about homebuyer class schedules, NLS loan products and special programs and collects basic caller information for follow up by NHS staff.
- NHS offers its Home Buyer education program in the Home Ownership Centers at the NHS central office, the North Lawndale NHS office on Chicago’s West Side, the Roseland NHS office on Chicago’s South Side, and at a community center in the mid-South Side. Home Ownership Consultants work flexible schedules and are available to travel to provide individual counseling in locations more convenient to customers. NHS offers its four-class, eight-hour curriculum on an ongoing and rotating weekly basis, with classes presented five times a week (once in Spanish) at the four locations, so that all four sessions are offered in at least one location each week.
- NHS of Chicago is a partner in the LISC/Chicago Banking on Family Childcare Program that supports home-based family childcare providers. NHS’s role is to provide technical assistance to members in purchasing their own homes and in undertaking home improvements.

NHS of Chicago, Inc.

Sponsors & Business Partners

Location: Chicago, IL
Full-Cycle Lending Certification Since: July 1997

National Partners

Allstate Insurance Company
 Bank of America Corporation
 Citigroup, Inc.
 Fannie Mae
 Fannie Mae Foundation
 Freddie Mac
 Neighborhood Reinvestment Corporation
 State Farm Insurance Companies
 Wells Fargo Home Mortgage, Inc.
 World Savings Bank, F.S.B.

HomeOwnership Center Economic Benefits***

| Measurement | Result |
|---|----------------------|
| Home Equity Wealth in 10 Years: | \$49,284,863 |
| Lender Revenue Over 10 Years: | \$38,586,855 |
| Transaction Income to Real Estate Agents, Insurers, and Others: | \$6,246,464 |
| Local Government Revenues: | \$1,628,380 |
| Construction Spin-Offs: | \$17,559,470 |
| Local Income from New Households: | \$7,216,264 |
| Home-Related Move In Spending: | \$3,085,879 |
| Jobs Supported by Construction Activity & New Households: | 665 |
| Total Economic Benefits: | \$123,608,175 |
| <i>Benefits are calculated using</i> | |
| Renters Moved into Homeownership: | 701 |
| Median Income: | \$46,338 |
| Median Home Price: | \$127,297 |
| New or Rehabbed Units Added: | 247 |
| Total Construction Value (Less Land): | \$28,306,200 |

Local Sponsors & Business Partners

Citibank
 Harris Bank
 The Northern Trust Bank
 State Farm Insurance

***The Campaign for HomeOwnership 2002 uses proprietary software to project the local economic impact of HomeOwnership Center activities.
 (Data range: Jan 98 - Dec 01)

Home Ownership Production 1998 - 2002

| Year | Jan - Mar Q1 | Apr - Jun Q2 | Jul - Sep Q3 | Oct - Dec Q4 | Total Annual |
|------|--------------|--------------|--------------|--------------|--------------|
| 1998 | 65 | 49 | 21 | 67 | 202 |
| 1999 | 45 | 59 | 42 | 49 | 195 |
| 2000 | 28 | 43 | 45 | 39 | 155 |
| 2001 | 32 | 38 | 41 | 38 | 149 |
| 2002 | | | | | |

