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Housing Action Illinois
LEADING THE WAY
Housing Matters! Conference

October 25, 2018
Background

• 2008 Financial Crisis devastated communities and homeowners. It has been 10 years since the housing crisis hit this country and the world’s economy.

• Illinois Attorney General pursued, through law enforcement actions, those entities that helped to cause the crisis.

• Total financial crisis law enforcement action recoveries by the Illinois Attorney General of over $3.3 billion for consumers, communities, county recorders and pension funds.
Fighting Mortgage Fraud Piece by Piece
Examples of Law Enforcement Actions

- **Mortgage lenders** - Countrywide and Wells:
  - origination of loans consumers could not afford
  - discriminatory lending
- **State mortgage brokers**
- **Mortgage servicers** - Chase, Citi, Ally/GMAC, Wells and Bank of America in National Mortgage settlement, and later Ocwen, Suntrust, HSBC, and PHH
- **Servicers’ agents** - Nationwide Title Clearing and Lender Processing Servicing
- **Property management company** - Safeguard Properties
- **Credit rating agencies** - S & P and Moody’s
- **Firms that securitized mortgages** - Chase, Goldman Sachs, Citi, Bank of America, and Morgan Stanley
- **Mortgage rescue scam companies** - Filed over 50 lawsuits against mortgage rescue scam companies
Illinois Attorney General Homeowners’ Helpline (866) 544-7151

- The helpline was created in 2008 to assist homeowners struggling to make their mortgage payments.
- Staffed with HUD certified housing counselors
- Total calls to date to helpline: 74,844
- Total Savings: $122,36,726.00
National Mortgage Settlement 2012

• The largest consumer financial protection settlement in U.S. history.
• 49 state attorneys general, the U.S. Department of Justice, the Federal Trade Commission, state banking regulators, and HUD
• 5 national banks - Chase, Citi, Wells, Bank of America, and Ally/GMAC
• Paid $25 billion to remediate the effects of the 2008 financial crisis due to poor mortgage servicing, $20 billion in direct consumer relief.
Illinois’ Recoveries from National Mortgage Settlement

- Illinois received approximately $2 billion consumer benefits in the form of loan modifications, refinancing, and foreclosure payments to those who had lost their homes.

- $100 million was received by the Illinois Attorney General to remediate the effects of the mortgage crisis in Illinois. The Attorney General awarded funds in the following areas:
  - **Legal assistance** – $20 million was awarded to 14 different legal assistance entities to help homeowners and renters in distress between 2012 and 2016. More than 55,770 homeowners and renters were served with 2,200 homes saved. Services ranged from housing information provided to homeowners to representation in foreclosure mediation and litigation.
  - **Foreclosure court mediation** - $5 million was awarded to develop and administer foreclosure court mediation programs throughout the state. Currently 7 programs exist in 6 circuits: 6th, 16th, 17th, 19th, 20th, 21st. More than 1 in 5 homeowners who participated were able to save their homes for a total of 1,000 homes saved.
  - **Revitalization & Housing Counseling** - $70 million was awarded for revitalization and housing counseling as follows:
    - Community revitalization (29 awards)
    - Housing counseling (11 awards)
    - Expert assistance providers (13 awards)
National Mortgage Settlement Blight Remediation Awards

Key criteria for the awards:

- Statewide areas of greatest need and potential;
- Leveraging the settlement funds with other private or public resources;
- Encouraging the capacity building and long-term sustainability of teams and programs funded;
- Innovative yet sound proposals.

The following Illinois Attorney General Advisory Council members* made recommendations for the housing awards:

- Bennett P. Applegate, Applegate & Thorne-Thomsen
- Allison Clark, MacArthur Foundation
- Pam Daniels-Halisi, BMO Harris Bank
- Robert Grossinger, Enterprise Community Partners
- King Harris, Harris Holdings
- Sharon Hess, Southern IL Coalition for the Homeless
- Juanita Irizarry, Chicago Community Trust
- Roberto Requejo, Federal Reserve Bank of Chicago
- Antonio Riley, HUD
- Dawn Stockmo, National Community Stabilization Trust

* Positions as of 2012

Responsible for implementation:

Deb Hagan, Consumer Protection Division Chief, Office of the Attorney General
Karen Muchin, Robin Snyderman and Chris Rintz (housing awards)
Leslie Corbett of Illinois Equal Justice Foundation (Legal Assistance and Court Mediation Awards)
Housing Counseling and Revitalization Awards: Outcomes

As of today, the Housing Awardees have:

• Stabilized more than 3,200 homes via acquisition and rehab, demolition and new construction
• Counseled/Educated more than 48,000 households, including those buying or renting the 3,200 stabilized homes
• Assisted families with 4,764 “foreclosure saves”
• Served urban, suburban and rural homeowners, renters, and special needs populations
Housing Counseling and Revitalization Awards: Sample Innovations – Land Banks

- Illinois’ first Land Banks were created with Mortgage Settlement Funds in urban, suburban, and rural communities. Land Banks are efficient vehicles for stabilizing communities by acquiring and repurposing vacant properties, cleaning title and back-taxes, and identifying optimal use of land.

- **Cook County Land Bank** and the **South Suburban Land Bank and Development Authority** were funded in 2014, and have already stabilized over 400 homes.

- More recently, with its downstate capacity building award, **IL Housing Development Authority (IHDA)** began supporting nine downstate land banks in various stages of formation.

Chicago: Celebrating the Cook County Land Bank’s 200th home
Housing Counseling and Revitalization Awards: Sample Innovations – Cross-Jurisdictional Rehabilitation

Teams of developers, counseling agencies and local leaders forged or strengthened sustainable partnerships that increased capacity in regions and neighborhoods.

- **IFF and its nonprofit partners worked with West Cook County leaders in** Berwyn, Bellwood, Maywood, Forest Park and Oak Park to acquire, rehab and sell 43 properties in targeted neighborhoods.

- **The Community Foundation of Fox River Valley worked in** Aurora, North Aurora, Elgin, Batavia, St. Charles, West Dundee and Carpentersville to acquire, renovate and sell 42 homes.

- **Rock Island Economic Growth Team** developed 134 single, multifamily and special needs affordable housing options within Rock Island, Sterling, Moline, East Moline and Morrison.
Housing Counseling and Revitalization Awards: Sample Innovations – Cross-Jurisdictional Rehabilitation

- **Affordable Housing Corporation of Lake County** worked closely with the Villages of Round Lake Beach and Mundelein to acquire, rehab and sell 50 homes.

- **Will County Center for Community Concerns** worked in Crete, Crest Hill, Joliet, Lockport, Joliet, and University Park.

- **Community Service Council of Northern Will County** worked in Bolingbrook, Plainfield, and Romeoville.

- **Justine PETERSEN Housing and Reinvestment Corporation** worked in Cahokia, East St Louis, and Granite City.
Housing Counseling and Revitalization Awards: Sample Innovations – Cross-Jurisdictional Rehabilitation

Northwest HomeStart worked with municipal and county leaders to bring together rehab and roof repair programs to support homeowners in troubled neighborhoods throughout Winnebago, Boone, Ogle, Stephenson, Whiteside, LaSalle, Lee, Jo Daviess, Carroll, and DeKalb Counties.

NHS of Chicago expanded its services into Fox Valley and the southern suburbs, working with local teams to provide home rehab loans and a range of counseling services.

Before and After photos from a Northwest HomeStart home in Rockford
Housing Counseling and Revitalization Awards: Sample Innovations – Rural Capacity Building

• In addition to supporting new land banks downstate, IHDA is also providing planning assistance to downstate municipalities to help them become more competitive for Low Income Housing Tax Credit and other IHDA financing.

• The Illinois Association of Community Action Agencies, with Housing Action IL and NeighborWorks, provided housing counseling training to downstate community action agencies to help them become HUD-certified and expand housing counseling downstate.
**Small rental buildings in troubled neighborhoods:** Responding to a dearth of financing, the Community Investment Corporation created a new lending program to support owners and rehabbers, stabilizing more than 300 affordable rentals.

**Revolving Homeownership Fund:** Preservation of Affordable Housing (POAH) supplemented its HUD-funded rental revitalization effort with “Renew Woodlawn,” a revolving homeownership fund that has enjoyed high demand.
Scattered Site Rental: Hispanic Housing Development Corporation pioneered a scattered-site rental model, acquiring and renovating 41 single-family homes in Chicago Heights.

Community Land Trust model: In Evanston, Community Partners for Affordable Housing utilized a land trust mechanism to ensure permanent affordability of homeownership in an increasingly expensive housing market. The land is owned by the Land Trust, and is leased to the owner of the home and any successive owners, thus keeping the property affordable.
Housing Counseling and Revitalization Awards: Sample Innovations – New Models

Partnering with Habitats for Humanity:
Mortgage settlement funds supported Habitat’s new model of partnering with towns, non-profits and volunteers to rehabilitate homes with and for new buyers.

Habitat for Humanity of Champaign County, Habitat for Humanity Chicago and Habitat for Humanity of McHenry County were all community revitalization awardees.

Additionally, the Habitat for Humanity agencies in Fox Valley and Northern Fox Valley, the Southern Suburbs and McLean were all part of larger teams.
Housing Counseling and Revitalization Awards: Sample Awardee Innovations – New Models

- **Helping municipalities address code enforcement**: The Metropolitan Mayors Caucus partnered with the South Suburban Mayors and Managers Association (SSMMA), Center for Community Progress, and Community Investment Corporation (CIC) to produce tools and seminars on best practices in property maintenance and management.

- The Caucus also worked with SSMMA and others to create an “Administrative HUB" software program. Using this database, local officials can research owners and create legal notices and liens. This tool can be used by multiple communities to try to recoup their expenses maintaining vacant or foreclosed properties.

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Code Enforcement resources website
Housing Counseling & Revitalization Awards - Additional Areas Statewide

- **Decatur Housing Authority** – Decatur
- **Lake County Residential Development Corporation (LCRDC)** – North Chicago
- **Local Initiatives Support (LISC) of Greater Peoria** – East Bluffs neighborhood in Peoria
- **Mid Central Community Action** – Bloomington
- **The Resurrection Project** – Cicero, west Cook, west side of Chicago
Housing Counseling & Revitalization Awards - Chicago Neighborhoods

- Revitalization teams targeted toward single geographic areas:
  - Chicago Neighborhood Initiatives (CNI) – North Pullman
  - Genesis Housing Development Corporation - Chatham, Auburn Gresham, Greater Grand Crossing
  - Local Initiatives Support Corporation of Chicago - Micro Market Recovery Program with 13 community-based partners
  - Southwest Organization Planning Project (SWOP) – Chicago Lawn
  - Westside Health Authority – Austin

In Chicago Lawn, the Attorney General met with homeowners benefiting from the Southwest Organizing Project initiative.
Housing Counseling & Revitalization - Counseling

- **Housing counseling:** Over $6 million in Mortgage Settlement Funds supported housing counseling as part of the revitalization awards as well as via direct awards to counseling agencies. To date, awardees have served more than 48,000 households through financial literacy and homebuyer education, pre-purchase, post-purchase, rental, and/or foreclosure counseling. Housing counseling supported:
  - Home preservation efforts and education of prospective home buyers.
  - Participation in the Foreclosure Court Mediation Programs.
  - Collaborative efforts within the Latino communities bringing together 15 different nonprofit agencies to assist renters and homeowners.
  - Promotion of inclusion by Rogers Park, Spanish Coalition for Housing and Chinese American Service League by providing counseling services in multi-culturally sensitive and linguistically appropriate ways.
  - Encouragement of more accessible housing options via Access Living’s training materials provided to housing counselors and redevelopment teams.
  - Increasing housing counseling capacity in rural Illinois by awarding the IL Association of Community Action Agencies funds to expand housing counseling services with the assistance of Housing Action Illinois and NeighborWorks America.
Housing Counseling & Revitalization Awards - Counseling

- **Housing Counseling Awardees:** Chicago Urban League, Chinese American Service League, DuPage Home Ownership Center, Institute for Consumer Credit Education, Latino Policy Forum, Metropolitan Tenants Organization, Northwest HomeStart, Northwest Side Housing Center, Rogers Park Community Development Corporation, Spanish Coalition for Housing, and Urban League of Metropolitan St. Louis.

- Recipient of downpayment assistance grant from Chinese American Service League.
Expert and Technical Assistance Providers: In addition to providing technical assistance to many of the awardees, the experts created a number of innovative tools to promote best practices and capacity building that will have long-lasting impacts statewide:

- **Access Living, Chicago Area Fair Housing Alliance and Corporation for Supportive Housing** coordinated webinars and fair housing trainings for developers, counselors and policymakers to learn more about fostering diversity, inclusion and accessibility.
- **DePaul’s Institute of Housing Studies and Woodstock Institute** provided new online data and mapping tools.
- **The Chicago Metropolitan Agency for Planning** created a new online tool to promote public and private sector coordination in regional planning.
- **Mission Plus Strategy Consulting** created a new guide to promote coordination of housing teams.
- **National Consumer Law Center** provided recommendations for improving coordination between housing counselors and legal assistance providers.
- **Housing Action Illinois** provided housing counselor training with NeighborWorks and a Guidebook on Client Management Systems with NHS.
- **Teska Associates** provided individualize assistance with real estate market analysis to assistance with revitalization goals.
Housing Counseling & Revitalization Awards - Experts
Housing Counseling & Revitalization Awards: Neighborhood Impact

- The monitoring team has tracked how many homes were stabilized, how many households were supported by housing counselors, and what new tools, trainings and publications the Experts have contributed.

- On a parallel track, Woodstock Institute and the DePaul Institute of Housing Studies have been tracking key market trends and indicators to assess the impact of these NFS investments in all the affected neighborhoods.

**Interim Finding:** Change in mortgage lending levels in distressed urban areas since the beginning of the program.
The Mortgage Settlement Funds were awarded to partners working in distressed service areas, and the awardees targeted even more distressed neighborhoods within those areas to build or renovate properties.

While it is impossible to conclude “cause and effect” impact of the Settlement Funds, researchers are comparing how the neighborhoods supported through this program are faring compared to (a) the surrounding geographies and County, (b) peer neighborhoods that received no Settlement Funds, and (c) the State overall.

DePaul’s Institute of Housing Studies and the Woodstock Institute looked at such comparisons in terms of trends in foreclosures, mortgage lending, vacancy, turnover, household income and population changes.

For example: Early analysis, per the previous slide, shows that distressed neighborhoods with high levels of AG investment saw mortgage lending increase faster than peer neighborhoods with no AG investment, and faster than the surrounding counties.

Updated analysis and findings will be available in the weeks ahead.
Closing Thoughts?

In a State as diverse as Illinois, with so many local jurisdictions, scalable housing solutions are few and far between.

Success is largely determined by the capacity of local partners, their ability to collaborate, and the sustainability of their programs.

Flexible funding, tied to measurable accountability mechanisms and technical assistance is critical.

Housing Action IL, and all its members and funders, strengthen Illinois neighborhoods while providing critical services to families statewide.

THANKYOU!

New homeowners of the Affordable Housing Corporation of Lake County