From: Shaw, Barbara
To: Saddler, Michelle; Irving, Toni; Weems, Malcolm; Lavin, Jack
Subject: RE: Big leadership opportunity for Gov. to address housing crisis
Date: Tuesday, October 26, 2010 5:56:45 PM

This seems like a great opportunity. It would be wonderful to incorporate it into the Neighborhood Recovery Initiative, with IHDA playing the lead State role, and promoting it with the NRI communities with the assistance of NRI Lead Agencies.

-----Original Message-----
From: Saddler, Michelle
Sent: Tuesday, October 26, 2010 5:51 PM
To: Irving, Toni; Weems, Malcolm; Shaw, Barbara; Lavin, Jack
Subject: Fw: Big leadership opportunity for Gov. to address housing crisis

FYI,
Pls see opportunity below.
Thanks.

Michelle R.B. Saddler
Chief of Staff
Office of Governor Pat Quinn
Cell: 312[redacted]

----- Original Message -----
From: Adam Gross [mailto:agross@bpichicago.org]
Sent: Tuesday, October 26, 2010 04:46 PM
To: Saddler, Michelle
Subject: Big leadership opportunity for Gov. to address housing crisis

Hi, Michelle.

I can't begin to imagine how busy you must be now. I'll be brief, and if you're interested, I'd be happy to provide additional information.

With support from a whole bunch of community organizations, Nick Brunick and I have been working with Mercy Housing on a loan fund project they are developing to acquire troubled mortgages at a discount, write down the loans and, in many cases, help the homeowner to stay in their home on much more favorable -- and sustainable -- terms. Loans would be purchased using a mix of public, nonprofit, and private financing. Foundations and several big private investors are poised to make significant investments in this fund. One goal is to significantly scale up the kind of work that NSP is supporting in hard-hit communities. Another goal is to keep at-risk homeowners in their homes as often as possible. Mercy has done a lot of legwork on this, and they have good reason to believe they can generate substantially more money than an NSP grant for this work.

Mercy anticipates that it could assist a bare minimum of 2500 Illinois homeowners in the first year, and probably significantly more. And because this program will help turn bad loans into good ones, it will generate revenue in a way that will continue to replenish the fund and allow thousands more homes to be saved every year.

The program would target neighborhoods like Albany Park, Auburn-Gresham, Chicago Lawn, Englewood and Humboldt Park; suburbs like Country Club Hills, Matteson and Richton Park; and cities like Aurora and Joliet. (I mention these places just for illustrative purposes -- Mercy's goal is to develop a diverse portfolio, but with an emphasis on hard-hit places in struggling communities).

This isn't pie-in-the-sky. A number of big hedge funds are already investing billions of dollars a year in this sort of effort, motivated primarily or exclusively by private gain. Mercy's model would allow them to return a big chunk of that gain to struggling homeowners and communities.

IHDA recently received $279 million in federal "Hardest Hit" funds. This money can be used very flexibly, including to help finance programs like this one. For example, Oregon is developing a plan to use a chunk of their money in a way similar to what Mercy is proposing.

If this seems intriguing, I'd love to talk more about it and, if it's in the public interest, to explore ways to get it to IHDA for consideration.

Thank you!

Adam

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