Responding to Multifamily Foreclosure

Acquiring Bank Owned Property for Long-Term Affordable Rental Housing

Evaluating Distressed Condominium Properties

Technical Assistance Workshop
September 21, 2010
ULI Chicago

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The format for the Multifamily Foreclosure Technical Assistance Workshop was adapted from ULI’s signature TAP program.

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Background
Since 2007, the 6-county region has witnessed 225,226 properties enter the foreclosure process. In 2009, Cook County alone recorded 45,182 new foreclosure filings, over half of which were from Suburban Cook County. Data from the Woodstock Institute suggests 2010 will surpass the record setting number of new foreclosure filings in 2009, reporting a 28% regional increase and a 38% increase in suburban Cook County in the first 3 quarters from 2009 to 2010.

As this crisis unfolds, communities have witnessed an impact in both urban and suburban areas and across socioeconomic categories. In response, federal, state, and local governments have developed policies and deployed resources to stymie the crisis and mitigate the impact of foreclosure. While these resources are working to stabilize communities, many interventions and models are ill-equipped to address a newly growing segment of this crisis: multifamily foreclosure.

Multifamily properties affected by foreclosure include small (2 – 6 unit) and large (7+ unit) buildings, and condominium and rental housing stock. Recent data from the Woodstock Institute reports that new filings on condominiums in the region grew to 19 percent of all foreclosure filings in the first half of 2010 - with condo foreclosure filings growing most dramatically in North and Northwest Cook County. Similarly, research by the Lawyers Committee for Better Housing and the Institute for Housing Studies at DePaul University has found that foreclosure in rental buildings is increasing, and in some communities accounts for the majority of foreclosure. Loss of affordable rental housing – an already endangered regional asset entering the crisis – is one of the many consequences of multifamily foreclosure. The challenge facing policy makers and municipalities is to decipher the nuances of multifamily foreclosure, create processes to monitor and manage multifamily foreclosure, and identify the opportunities within the crisis.
Workshop Objectives

To better understand the complexities of multifamily foreclosure and develop recommendations to mitigate its impact, ULI Chicago, in partnership with The Preservation Compact and with the support of housing staff from Arlington Heights and Oak Park, convened an expert workshop to examine two aspects of suburban multifamily foreclosure:

1. Acquiring bank owned property for long-term affordable rental housing
2. Evaluating distressed condominium properties

To address these specific facets during the day-long workshop, participants synthesized real estate and foreclosure data, interviewed community representatives to gauge housing trends and interventions, and answered a series of questions submitted by Oak Park and Arlington Heights.

The workshop distilled the challenges associated with each foreclosure aspect, evaluated municipal options in each circumstance, and ultimately produced a list of multifamily-specific and community-appropriate recommendations. Partnering with Oak Park and Arlington Heights enabled real-time case study and application, helped illustrate the diversity of multifamily foreclosure and the need for multiple resolution strategies and intervention, and allowed the participants to shape recommendations that were exportable to the region.
Oak Park - Acquiring Foreclosed Property for Long-Term Affordable Rental Housing

Oak Park is a vibrant, diverse community of over 50,000 residents, located immediately west of the city of Chicago. Oak Park’s housing stock provides a range of options to its residents, and includes a mix of single-family homes, multifamily condo and rental units, and senior independent and assisted housing.

During the peak years of the housing market, Oak Park, like much of the Region, experienced record-setting housing sales, including the sale of condos and rental properties purchased for condo-conversion. When demand cooled and multifamily sales contracted – as they did by 60% between 2006 and 2008 – foreclosure in multifamily properties ballooned. According to the Woodstock Institute, condo foreclosure in the first half of 2010 comprised 44 percent of all foreclosure in Oak Park.

To assist Village residents threatened with foreclosure, Oak Park has pro-actively developed tools and deployed resources for prevention. Where foreclosure has occurred, the Village has developed programs to secure, monitor and maintain the property until the housing market turns around. For vacant multifamily buildings, Oak Park would like to develop a system to support strategic acquisition of bank-owned properties and reposition them for long-term affordable rental housing.

QUESTIONS FROM THE MUNICIPALITY

1. What criteria should a developer use to identify foreclosed multifamily properties that would be good candidates for the creation of additional affordable housing in a community?

2. How does the foreclosure judgment amount impact the price point of the property? How can the developer convince the financial institution to sell for less than it has invested into the property?

3. How can a municipality convince a financial institution to divert bank owned REO property away from irresponsible and predatory lenders/developers and toward more beneficial ownership such as a responsible non-profit or local developer?

4. What role is there for the municipality in foreclosed vacant multifamily buildings? Does the municipality’s role change if the property is occupied?

5. What role is there for community organizations in the transaction? How can the developer work with community groups to increase pressure on the financial institution that owns the property?

6. Under what circumstances would demolition be an appropriate outcome?

Photos on this page courtesy of the Village of Oak Park
Challenges

Before creating an approach for municipalities to evaluate REO opportunities, workshop participants outlined some of the challenges presented by vacant and foreclosed multifamily buildings.

- **Lack of Information.** It is difficult to obtain information about where a building is in the foreclosure process (who has title to the property, the value of the property, who is a decision maker with regard to a potential acquisition, etc.). Information is integral to determining a property’s value and charting an acquisition and rehabilitation strategy.

- **The bank often holds unrealistic property values.** From the perspective of potential purchasers and community developers, there seems to be little motivation on the part of the bank to write down the loan on the property to make a deal possible. Conflicting interests and bottom lines may be responsible.

- **The impact of vacancy on the community.** The impact of a vacant property is felt more acutely by the proximate block, neighborhood, and community than the distant entity that owns the property title. Communicating this concept to a bank or developer who is unfamiliar with the community dynamics can be difficult.

- **Limited or short-staffed municipalities.** Municipalities have few staff and limited resources to devote to the time-consuming process of tracking, acquiring and rehabilitating vacant and foreclosed properties. The strategy for intervention should be efficient to implement and effective in use.

- **Funding for multifamily preservation in suburban communities is limited.** Suburban communities with a small representation of low- and moderate-income census tracts are disqualified for federal funds that have been allocated for the purchase and rehabilitation of foreclosed properties. Insufficient resources stymie the depth and breadth of municipal interventions.

Oak Park Case Study — 111 Garfield Street

This 12-unit 1920s building, located at 111-113 Garfield Street in Oak Park, operated as a rental building until 2005 when it was sold to a developer for conversion into a 9-unit condominium. Financing for the project was provided by a regional bank. After gutting the building’s interior and removing all interior demising walls to reconfigure units, the developer was unable to complete the project and abandoned work in 2006. The building has stood vacant since that time.

As mortgagee in possession, the bank initiated foreclosure proceedings against the owner/developer. At the July 13, 2010 sheriff’s sale, the bank bid their previous debt of $1.5 million. There were no other bidders at that price, so the bank assumed ownership of the property. The bank has indicated they are seeking to recover between $800,000 and $900,000 for the building.

Neither the Village of Oak Park nor the Oak Park Residence Corporation (OPRC) has commissioned an appraisal. However, in comparison, a 40-unit apartment building in good condition with parking and located in the middle of Oak Park recently sold for $2 million. The difference between the comparable sale value and the bank’s requested price might suggest unrealistic expectations on the part of the bank. Additionally, 111 Garfield pricing should reflect the current, deteriorated state of the building, the small parcel size and absence of onsite parking. Attempts by the Oak Park Residence Corporation to acquire the building and revert to rental housing have been unsuccessful.
Recommendations

Workshop participants outlined recommendations to help communities like Oak Park evaluate properties and assist responsible owners to acquire single-mortgage bank-owned property to strategically reposition as affordable housing.

Evaluation Recommendations
Collect adequate and accurate information about the property, the surrounding neighborhood and the future market potential. This stage will provide a comprehensive property narrative and inform a discussion of the highest and best use of the property from the municipal perspective.

» The Property: provide a description of the building and property and a site history
  • Report the past and present uses of the property and building.
  • Research the records of building permits and code violations.
  • Describe the current status of the building – is it vacant and empty? Are there safety threats?
  • Provide financial information (mortgages, liens, taxes, etc.) and stakeholder information (owners, banks, investors, community representatives etc.).

» The Neighborhood: characterize the property’s role in the community
  • Outline the impact of the property, under vacant and occupied conditions, to the neighborhood.
  • Assess the strategic location of the property, including its proximity to public resources such as transportation, health, food and open-space.
  • Conduct a market demand analysis to gauge the sustainability and appropriateness of the location for an affordable housing use.
  • Engage local employers to understand the demand for workforce housing.
  • Consider the property vis-à-vis a community growth strategy, including compatibility with local zoning restrictions, comprehensive plans, and socio-economic and demographic trends.

» The Market: calculate the current and potential value of the property
  • Outline trends in past, present and projected property value.
  • Collect recent competitive and non-competitive REO sales to gauge the shadow market, and foreclosure data to estimate property value and risk.

Acquisition Recommendations
If the local developer has evaluated the property and committed to acquisition, enter bank negotiations prepared with a compelling narrative, clear perception of property value and price, and an execution-ready development plan. These tactics will increase the likelihood of successful REO negotiations.

» The Narrative: develop a shared reality about the best use of the property
  • Use the evaluation research to communicate demand for affordable rental use and illustrate why the local developer’s scenario is the best outcome for the bank, the community, and the property.
  • Appeal to a lender’s long-term interest - Is the bank looking at other buyers and their capacity to complete the project? Does the lender understand the impact of doing nothing or working with the wrong partners?
  • Communicate the reputational risk of no action. Obtain letters of support for acquisition from adjacent neighbors, community stakeholders, and local representatives. Appropriately gauge when and how to involve the press.
The Price: be ready with a current appraisal and clear offer
- Secure a current property appraisal from a licensed and reputable appraiser.
- Calculate a price to appropriately and sustainably develop the property.
- Present the best offer, but prepare second or third offers to close the transaction.
- Calculate the true bank costs, including holding costs, code violations and inspections fees, to appeal to the bank's motive for loss mitigation.

Execution Planning: present a complete development strategy
- Identify the appropriate entity to acquire the property. Choosing a for-profit, non-profit or affordable housing developer will affect the overall acquisition strategy.
- Identify and, if possible, secure project funding. Funding might include subsidies, public or private grants, government programs, or land acquisition resources.
- Bring the complete, execution-ready deal to the table, including any letters of interest, term sheets, or sources and uses funding analysis to demonstrate funding feasibility.

Additional Options: leverage municipal tools to support acquisition
- Consistently enforce vacant building ordinances and codes to instill urgency within the bank and motivate resolution.
- Convene community stakeholders to compile a broad base of support and advocacy for acquisition.
- Review prior developer agreements for negotiating opportunities. Developer agreements that have expired or are in default may reduce the bank's valuation.

Redevelopment Recommendations
Once the acquisition has closed, the municipality should monitor the redevelopment process to ensure the foreclosed building is repositioned as long-term affordable rental housing. Offer municipal support and partnership to foster redevelopment.

Municipal Support: provide appropriate support to complete redevelopment
- Act as conduit to bring lenders, developers and stakeholders together.
- Consider creating a regional trust fund or intermediary to facilitate the purchase and sale of foreclosed properties.
- Pool resources and share costs of development between stakeholders. A trust or intermediary would centralize the process, increasing scale and acquisition opportunities.

Facilitate Partnership: engage community organizations, financing and development stakeholders
- Include development and community partners in the discussion.
- Engage influential employers if the redevelopment program includes employer assisted housing opportunities.
- Outreach to financing and funding communities for support.
- Encourage elected leadership to provide support and accountability to the community.

Demolition as an Appropriate Outcome
If the building is vacant or blighted and is not a viable development opportunity or resource to the community, demolition may be the best outcome.

When Considering Demolition:
- Evaluate projected use and demand for the property in multiple development scenarios, including current vacant status, rehabilitated as current use, and redeveloped as an alternative use.
- Outline the total cost of demolition, and sources of funding for demolition, including subsidy.
- Shape the valuation determination to reflect the cost of demolition, cost of rehabilitation, availability of subsidies, demand for the residential use and property location. Careful consideration of the above issues will allow a holistic decision for or against demolition.
Arlington Heights - Evaluating Distressed Condominium Properties

A community of nearly 77,000 residents, Arlington Heights lies northwest of Chicago and is the 12th largest municipality in Illinois. The combination of its suburban setting and recently redeveloped downtown area positions Arlington Heights as an attractive community for home buyers looking for an urban community with suburban amenities. Catering to this demand, the boom-years of the housing market produced many condominium conversions and developments.

Today, multifamily foreclosure is increasing in the Village and throughout the northwest suburbs of Chicago. Recent figures compiled by the Woodstock Institute show that multifamily foreclosure made up 52 percent of all foreclosure in Arlington Heights for the first half of 2010. For the large conversion and condominium projects in development when the market collapsed, the fallout produced a variety of unintended outcomes, including buildings with an unknown and potentially unstable mix of occupants (e.g. owner, investor or rental occupants), and unknown susceptibility to foreclosure.

The lack of outward signs of distress and the impediments to data collection on occupancy status, financial information and the web of property stakeholders in a condominium property prevents Arlington Heights from crafting a proactive strategy to evaluate the threat of multifamily foreclosure and propose interventions to contain its effect on the property.

QUESTIONS FROM THE MUNICIPALITY

1. How does the foreclosure process affect multifamily properties that are rental; multifamily properties that are condominium; and multifamily properties that have mixed occupancy? Who are the players in each case? What is the impact on the municipality in each case?

2. For partially converted buildings with mixed occupancy, at what point does foreclosure on an individual-unit jeopardize the collective stability of the building?

3. When is it appropriate and what strategies exist for reverting struggling or failed condominium conversions back to rental housing? What is the role for the municipality in this case, and what tools can be deployed?

4. Municipalities have an interest in maintaining a healthy balance of owner and renter occupied homes. Current conditions make it difficult for municipalities to know and track the proportions and numbers of owner and rental units. What resources exist or what policies can a municipality adopt to track these units?

5. What is the economic impact on municipalities from lost value of multifamily properties?

Photos this page courtesy of the Village of Arlington Heights
Challenges

In crafting a stability assessment tool for municipalities to apply to multifamily buildings, workshop participants first outlined the main challenges created by these properties.

• **Ownership transition from the developer to the association.** In a condominium development, the developer holds majority ownership of the property and controls the Condo Association for 3 years or until 75% of units are sold. Until ownership is transferred to the association, the developer is responsible for the majority of the assessment costs. If units do not sell and the developer has not budgeted adequately for these costs, deferred maintenance could destabilize the property over time. If the developer prioritizes maintenance on the visible parts of the building, the threat will likely go unnoticed.

• **No single point of entry.** Each unit in a multifamily condominium property has a separate owner, independent financing, and is responsible for a degree of individual risk that affects the collective building. Multiple stakeholders in one property make it difficult to efficiently gauge the state of the property. This problem is compounded when units are investor-owned or renter-occupied.

• **Mixed occupancy is unviable as a long-term strategy.** Mixed occupancy – as a byproduct of a failing condominium conversion – is (generally) an unstable arrangement. Mixed occupancy decreases value, repels banks from financing or refinancing units, and complicates property operations and management. However, if deployed as a short-term tactic to prolong foreclosure at a condominium development, tenant-occupancy can provide a rent stream and buy time to develop a long-term strategy.

• **Re-converting to rental.** Reclaiming multifamily stock from condominium to rental use requires voiding the condominium declaration and gaining compliance from the owners and investors of each independently held unit. This difficult task is further complicated if units are not locally owned.

• **Municipal cost of multifamily foreclosure.** Multifamily foreclosure initiates negative spillover effects throughout the community. In addition to the safety and blight problems associated with vacant buildings, foreclosed properties decrease surrounding property values, deplete the property tax base, and have the power to restrict future growth and redevelopment efforts.

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**Resources for Municipalities and Condominium Boards**

**Lakeside Community Development Corporation:** Provides training and technical assistance services to condominium associations in the Chicago region, primarily smaller, self-managed associations comprised of first-time homebuyers.

**Community Association Institute:** Provides education and resources to people who govern and manage homeowners associations, condominiums and other planned communities.

**Association of Condominium, Townhouse, and Homeowners Associations (ACTHA):** Provides statewide education, leadership development and political representation and advocacy on behalf of member associations.
Recommendations
To evaluate distress at condominium properties, workshop participants developed an assessment process that could act as a near-term strategy to gauge property destabilization; produced recommendations for municipal policy to support healthy condominium management; and compiled a list of existing tools and resources to stabilize multifamily stock.

Recommendation: 3-Step Assessment Process
The workshop participants recommended 3 steps to gauge the collective impact of individual unit foreclosure on a multifamily property.

1. Take the temperature of the building. It is important to understand the dynamics of the property. Information on the property and individual units will help the municipality gauge if there are threats to stabilization and inform appropriate actions.

To evaluate the condominium, use the County Assessor to collect all Property Index Numbers (PINs) associated with the property, then use the Recorder of Deeds to research the individual PIN transactions. Use a spreadsheet to organize the information for each PIN including the address; owner; date of sale; originating lender; current lender; and foreclosure transactions. When information for each condominium unit is inputted and the spreadsheet is complete, patterns and indicators - like large percentages of units in foreclosure, unsold units, or one lending institution for a property - will facilitate an initial analysis of the property. Additional property research can be conducted through realtor organizations, like the MLS, realtor.com, or local agents. These sources will confirm sale and value information. This extensive research, plus an assessment of the outward appearance of the building, should reveal to the municipality the overall state of the building, and inform initial triage and prioritization of the property relative to the community’s need.

Resources:
- The County Assessor: The County Assessor maintains all PIN numbers associated with an address, and provides a PIN record with property descriptions, current and prior property valuations, and property class, as well as the history of tax exemptions and appeals.
- The Recorder of Deeds: use the PIN to research all recorded transitions on the property, including legal and financial transactions such as mortgage issuance, foreclosure filings, and ownership transfers, as well as bank or investor information.

Property Index Number (PIN) The Property Index Number (PIN) is a critical piece of information to conduct property research. There can be up to 2 PINs associated with a condominium property. One PIN is known as the ‘underlying PIN’, and it links to the initial property and developer financing information. This PIN will reveal the history of the property, the condominium declaration (containing property description- unit count, etc.), whether or not foreclosure has been filed against the developer, and any mechanic liens against the underlying property mortgage. An underlying PIN with a condominium declaration but no recorded sales transactions indicates that the developer still owns units. The second PIN associates the unit to the property and is ascribed by the County Assessor soon after the condominium declaration is filed (up to 6 months). If a unit has been sold and the Assessor has not yet assigned a unit PIN, the unit will be recorded on the underlying PIN. Otherwise, all unit-specific legal and financial transactions (unit mortgage, sale, foreclosure) are all recorded under the second PIN.
2. **Strategically involve property stakeholders.** One of the challenges to multifamily condo or mixed-occupancy properties is the web of stakeholders for each unit. Outlining the players and prioritizing outreach to key stakeholders is a critical step to stabilizing a property.

- Outline the players: map all property stakeholders to determine which parties are necessary to engage around a solution. Stakeholders may include:
  - Lender(s) for property/development/unit
  - Developer
  - Holders of mechanic liens
  - Condominium association
  - Condominium owner(s)
  - Condominium association management company
  - Tenants
  - The County Assessor
  - Community stakeholders
  - Elected representatives or staff

- Develop an outreach strategy: engage the target group of stakeholders collectively or individually to confirm property research and gather information about the status of the building. Share with the stakeholders the municipality’s concern of destabilization, and construct a role for each party in resolution. Pursue a strategy that aligns the objectives and priorities of each party, or, if necessary, look to an outside, disinterested 3rd party to coordinate outreach.

3. **Take Action.** Prepared with data and the support of key property stakeholders, the municipality now has the ability to make informed decisions about the best course of action for property.

- If it is determined that property dynamics are stable or self-correcting, then conserve resources for other troubled properties.
- If the data collection and outreach process uncovers multiple threats to stability, or if the property dynamics are more complex and additional time and material are needed to make an informed decision on the course of action, the municipality should initiate stakeholder-meetings to leverage resources and information and prepare a cohesive resolution strategy or coordinated intervention.
- If stakeholders are not vested in the efforts to stabilize the property, engage outside experts to help pursue an appropriate course of action, including negotiation with unresponsive lenders or involvement of absentee developers. Additional tools (outlined in Recommendation 3) should be deployed or utilized as necessary.

**Recommendation: Municipal Condominium Policy**
To minimize the need for intervention, municipalities can implement proactive condominium policy. Appropriate condominium policy is mutually beneficial to property stakeholders and the municipality. Policy can foster dialogue and encourage foreclosure prevention or early intervention.

» **Condominium Registration Ordinances**
Enacting a condominium registration ordinance can centralize data on condominium development, provide contact and management information for a condominium property, and connect the condominium association and owners to management resources.

- **Registration for Condominium Properties.** The Village of Oak Park runs a model condominium registration, inspection and education program. The fee-based program requires condominium properties to register annually with the Village and provide board leadership and management information. Registration triggers an annual property inspection of common space and rental units (if applicable) and an
opportunity to enforce building codes and update board information. Additionally, the Village regularly partners with service providers to offer the condominium board free classes to improve governance practices, management capacity and responsible fiduciary decisions.

- **Registration for Conversion Properties.** Chicago’s proposed condominium conversion ordinance seeks to codify a registration program for new and converted condominiums. The program would increase the required tenant notice period from 4 months to 9 months, require that relocation assistance be provided to existing tenants affected by the condominium conversion, and require developers to show they have provided existing rental tenants with notice of the conversion and shown buyers detailed information on the physical condition of the property prior to purchase.

**Ordinances to Support Fiscal Health in Condominium Developments**

Policy to minimize financial challenges – in the transition of ownership from the developer to the Association, and under Association management – will promote long-term financial stability for condominiums.

- **Support a Successful Ownership Transition from the Developer:** Require developers of condominium units, whether new construction or conversion of existing property, to escrow funds equivalent to 6 months’ operating expenses, as reflected in the association’s most recent annual budget, plus 2% of the net value of all property in the development. Escrow funds would be exclusively reserved to cover the costs of problems in the common areas not corrected by the developer prior to turnover and cover the cost to the association for legal or professional services incurred as part of the developer turnover process. Funds would be held until property ownership is transferred to the unit-owner Board of Directors, at which time the remaining funds would be released back to the developer.

- **Ensure Stability Under Unit-Owned Condominium Association Ownership:** To monitor the on-going financial health of a condominium property, require that a condominium association provide an annual report to the municipality and residents with an affidavit showing the dates and locations of the association board meetings (including the annual meeting when the Board adopted the annual budget and elected the Board) a copy of the annual budget, a summary document listing the value of funds under control of the association, including operating funds and total reserves, as well as unit occupancy status and a list of any units owned by the association.

**Recommendation: Use Existing Tools to Stabilize Multifamily Properties**

The workshop participants recommended the following existing legislative tools for municipalities seeking to stabilize multifamily properties and educate residents about resources.

**Tools for Stabilization.**

- **Distressed Condominium Property Act.** Section 14.5 in the Illinois Condominium Property Act gives municipalities the right to file a lawsuit against the owner of a distressed building and have a judge appoint a receiver to operate and sell stressed condominiums.

- **Illinois Open Meeting Act.** As a non-profit community organization, condominium boards are able to use the **Illinois Open Meeting Act** to require public awareness of and participation in property meetings. This legislation can be used by condominium boards as a tool to gather information or compel inclusion into bank or developer meetings.

- **Community Association Manager Licensing and Disciplinary Act.** The law is intended to provide for regulation of managers of community associations. The act was effective on July 1, 2010, but the licensing requirement will not be effective until 12 months after the adoption of the rules providing for licensure.
Tools for Education.
• **Foreclosure Assistance and Information for Renters (F.A.I.R.)** The Foreclosure Assistance and Information for Renters (FAIR) campaign aims to inform Chicago renters of their legal rights and responsibilities when the building they live in goes into foreclosure. Similar information could be adopted by suburban municipalities to share with their rental constituents.
• **Protecting Tenants in Foreclosure Act of 2009.** A portion of the *Helping Families Save Their Homes Act of 2009* established protections for tenants living in foreclosed rental properties. Under the law tenants will have to receive 90-days notice prior to being evicted if their rental home is foreclosed.

### Conclusion and Regional Policy Recommendations

ULI Chicago convened the Multifamily Foreclosure Technical Assistance Workshop to produce strategies for identifying opportunities to acquire and reposition foreclosed, bankowned properties as affordable housing, and evaluating and assisting distressed condominium properties. Working with Arlington Heights, Oak Park, and a team of land use experts, the workshop produced a series of recommendations that are applicable to any municipality struggling with these components of multifamily foreclosure. Recommendations included:

- **Data collection** – allowing a municipality to prioritize interventions and measure the impact of foreclosure and mitigation strategies;
- **Negotiation tactics** – incorporating the counterparty’s objectives in preparing negotiation parameters and approach;
- **Assessment process** – offering a step by step guide to research condominium foreclosure and gauge property destabilization; and
- **Existing tools** – outlining current legislative and technical resources to resolve foreclosure.

In creating recommendations for these aspects of foreclosure, participants also identified four larger concepts with implications for regional policy:

- **Foreclosure as a process** – one important lesson from this workshop was to use and view foreclosure as a means to an end. All stakeholders in a foreclosed property should prioritize moving the property out of the process and back into productive use. A property that is stuck indefinitely in the foreclosure process represents a lost community asset and a lost opportunity to calibrate the use of the property.
- **Interjurisdictional collaboration** – all of our communities are struggling with issues surrounding foreclosure. Where appropriate, municipalities should bind together to share staff, collect data, administer programs and coordinate policy to achieve interventions with scale and scope.
- **Realize opportunities in the crisis** – while the foreclosure crisis is challenging, the current market conditions – including unprecedented foreclosure and low real estate values – undoubtedly present an opportunity for municipalities to strategically capture multifamily properties for long-term affordability. Municipalities should identify resources and partnerships to capitalize on the opportunity.
- **Vital role of the municipality** – whether acting as a facilitator - developing partnerships and connecting stakeholders around resolution - or as a clearinghouse - providing data, education and resources to the community - municipalities should be applauded and empowered to play a critical role in managing a multifamily foreclosure response.
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