



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 03/07/05 Communication
No.: 05-106
Agenda Item Type: Approval Roll Call
No.:

Submitted by: Larry Hulse, Director, Community Development Department

SUBJECT—

Approval of Neighborhood Finance Corporation (NFC) Certificate of Consistency with the City's 2005-2009 Consolidated Plan.

SYNOPSIS—

Approval of Neighborhood Finance Corporation (NFC) Certificate of Consistency with the City's 2005-2009 Consolidated Plan. The certificate is part of an application to the Neighborhood Reinvestment Corporation (NRC) to be included as a National Housing Counseling Organization. This will enable the NFC to obtain federal funds received by the NRC from the U.S. Department of Housing and Urban Development.

FISCAL IMPACT—

None

RECOMMENDATION—

Approval

BACKGROUND—

The NFC provides unique lending programs and related services to help revitalize targeted neighborhoods in Polk County, Iowa through partnerships with residents, government bodies, community-based organizations and the business community. The NFC serves neighborhoods that are selected by the City Council and County Board of Supervisors with input from the City's Community Development Department and the Neighborhood Revitalization Board (NRB).

Since 1991, NFC has originated over \$113,000,000 in loans and grants that have assisted more than 2,500 housing units in 18 designated neighborhoods in both Des Moines and West Des Moines, as well as in low to moderate income areas of the cities.

NFC receives at least \$1 million from the city and county annually through a 28E agreement. These payments are funded through general obligation bonds. NFC uses these grants to fund forgivable loans that are used for home improvements, closing-cost assistance, loan guarantees and construction loans. The city and county directly benefit from NFC's use of these funds, as the property values of homes that NFC has financed increase dramatically. To effectively leverage loan funds, NFC has entered into master loan participation agreements with 13 area financial institutions, Fannie Mae and the Iowa Finance Authority, to sell loan participations made under NFC's various programs.

On June 20, 2003, NFC became a charter member of Neighborhood Reinvestment Corporations' Neighbor Works® network. Neighborhood Reinvestment Corporation is a non-profit, public corporation chartered by the United States Congress that is charged with promoting reinvestment in older neighborhoods by working with local financial institutions, the community, residents and local governments. NRC membership will continue to strengthen NFC through training programs, and administrative and program support.

As a member of the Neighborhood Works Network the Neighborhood Finance Corporation Homebuyer Education and Counseling Services center provides the resources needed to obtain a home mortgage loan. Classes are offered that cover each step of the process from start to finish while providing the tools and training to help prospective homebuyers maintain their homes, improve their financing options, and protect their investment. NFC Home Buyer Education classes are partially funded by the Community Development Block Grant through the City of Des Moines.