

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	August 24, 2009
	Agenda Item No. 30 Roll Call No. 09- Communication No. 09-600 Submitted by: Larry Hulse, Community Development Director	

AGENDA HEADING:

Approving the Memorandum of Understanding with the National Community Stabilization Trust (NCST) to assist with property selection for the Neighborhood Stabilization Program (NSP).

SYNOPSIS:

Recommend Council approval of the Memorandum of Understanding with the National Community Stabilization Trust (NCST). The NCST works with local governments and non-profits to facilitate the transfer of foreclosed properties from lenders to community organizations at a discounted price.

FISCAL IMPACT: NONE

Amount: N/A

Funding Source: N/A

ADDITIONAL INFORMATION:

At the June 8th, 2009 meeting, the City Council approved the contract with the Iowa Department of Economic Development to allocate \$3.9 million of Neighborhood Stabilization Funds (Roll Call No. 09-996). The plan calls for the City to work with a coalition of housing agencies to purchase and redevelop approximately 90 foreclosed and abandoned housing units over the next four years. The coalition of housing agencies purchasing foreclosed properties currently includes: Greater Des Moines Habitat for Humanity, Community Housing Development Corporation, Home Opportunities Made Easy Inc., (HOME Inc.), and the Neighborhood Finance

Corporation. The coalition also includes the following for profit construction companies; Double D Construction, MJM Homes, and JRW & Associates.

Since mid-June, our coalition partners have been working with local banks and real estate agents to purchase bank/real estate owned (REO) properties for the NSP program. However, many of our partners have had difficulty acquiring properties. Several properties have been sold before coalition partners were made aware they were on the market, and other properties have sat vacant for long periods of time after they were sold at sheriff sale. It is a very difficult and time consuming process to find the right people to assist with the acquisition of these properties.

Because of this concern, staff began to examine ways to efficiently purchase properties. One such program is the National Community Stabilization Trust (NCST). The NCST is a national collaboration of five non-profit community development organizations including: the Housing Partnership Network, NeighborWorks America, National Urban League, Local Initiatives Support Corporation (LISC), and Enterprise Community Partners.

The goal of the NCST is to facilitate the efficient transfer of REO properties to local housing providers to develop quality neighborhood housing opportunities. Specifically, the NCST was formed to assist cities and non-profit organization with the implementation of the NSP. Because the NCST is funded by the national non-profit partners and the federal government, they are able to provide this service free of charge to participating communities.

The NCST will serve as a single point of contact between financial institutions and community organizations. The NCST has developed relationships with national lenders such as Wells Fargo, Bank of America, Chase, and JP Morgan. These lenders have agreed to allow local housing agencies involved with the NCST to gain access to their portfolio of REO property before it is listed with the Multiple Listing Service (MLS).

The NCST has developed a formula to work with lenders and community organizations to expedite the transfer of property. The NCST will send a list of eligible properties to the City who in turn will be given one business day to determine if any of our coalition partners are interested in gaining access any of the available properties. The coalition partner will have 5 days to complete the examination and let the NCST know if we are interested in obtaining a price for the property. Purchase agreements and other real estate documents are agreed to in advance.

Because of these streamlined efforts, our coalition partners will get a discounted price which takes into consideration savings the lenders will have by not maintaining and marketing the property. The goal is to transfer property within 60 days of the sheriff's sale. This will significantly limit the amount of time these properties sit vacant after the foreclosure is completed.

This agreement will allow the City to serve as the "Community Coordinator" for our local NSP coalition. As the Community Coordinator, the City will not be directly acquiring property, but will help to facilitate the process for the other coalition members and will serve as the liaison

between the local coalition and the NCST. At this time it is not anticipated the City will be acquiring properties from the NCST.

PREVIOUS COUNCIL ACTION(S):

Date: June 8, 2009

Roll Call Number: 09-997

Action: Memoranda of Understanding with designated local housing agencies to implement the Neighborhood Stabilization Program. (Council Communication No. 09-386) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: June 8, 2009

Roll Call Number: 09-996

Action: Neighborhood Stabilization Program Contract with the Iowa Department of Economic Development (IDED). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: February 23, 2009

Roll Call Number: 09-341

Action: On the City's plan to spend CDBG Neighborhood Stabilization Program Funds. (Council Communication No. 09-105) Moved by Coleman to adopt. Motion carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

At this time it is not anticipated the City will be purchasing property via the NCST. However, if this changes, any property acquisitions will require Council approval.

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