

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Neighbor Works Anchorage****Federal Tax ID: 92-0082642****Project Title:****Project Type: Other**

# Neighbor Works Anchorage - Homeownership Center

**State Funding Requested: \$200,000**  
One-Time Need**House District: Anchorage Areawide (16-32)****Brief Project Description:**

Establish Home ownership Center in Anchorage

**Funding Plan:**

|                               |                    |
|-------------------------------|--------------------|
| Total Project Cost:           | \$241,000          |
| Funding Already Secured:      | (\$41,000)         |
| FY2012 State Funding Request: | <u>(\$200,000)</u> |
| Project Deficit:              | \$0                |

*Funding Details:**NeighborWorks America - \$25,000**Wells Fargo - \$5,000**Neighborworks America - \$11,000***Detailed Project Description and Justification:**

There are significant barriers for low-income individuals and families to becoming homeowners in Anchorage. Many of these barriers are created by external forces such as the high cost of housing development, inability to accumulate savings, more restrictive lending criteria, reduction in higher paying jobs and a lack of affordable inventory creating a greater demand for gap financing. Education and one-on-one counseling help reduce the individual and family centric barriers and prepares our clients for homeownership. Through programs such as Full Cycle Lending®, community partnerships are built. Pre-purchase counseling as well as homebuyer education, innovative loan products, property services and post purchase/maintenance education are offered. These in turn support families and positively impact neighborhoods. Counseling and education helps to prepare for the home buying process and post purchase education helps to keep and maintain homes. Homebuyers generate new income for the community through real estate taxes, furniture and appliance purchases, home repairs and maintenance. The threat of foreclosure is reduced through the creation of quality, educated homebuyers with affordable mortgages.

In an effort to better serve our community, NWA sponsored an evaluation of Alaska markets and demographics to help provide a picture of current needs and support for the expansion of our homeownership department. Based upon the results of the report and our successful history, NWA was given the opportunity to apply to NeighborWorks® America to become a NeighborWorks® Homeownership Center (HOC). We have the opportunity to expand our services to as a one-stop-shop and include services not previously offered such as minor home repair skill building.

We plan to have an extensive post-purchase classroom, private meeting rooms for teaching sections on investing, insurance, maintenance and repair. We will provide a "mini" home where homeowners can learn hands-on how to perform minor work such as sheetrock repairs, replacing toilet wax rings and door knobs, caulking or changing faucets.

**\$200,000  
Approved**

**Project Timeline:**

to be completed this summer:

tenant improvements - \$75,000

Capital lease/utilities for two years - \$74,000

Furniture, fixtures, & Equipment - \$51,000

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

NeighborWorks Anchorage

**Grant Recipient Contact Information:**

Name: Debe Mahoney  
Title: Executive Director  
Address: 480 W. Tudor Rd  
Anchorage, Alaska 99503  
Phone Number: (907)677-8490  
Email: www.nwsanchorage.org

Has this project been through a public review process at the local level and is it a community priority?  Yes  No



January 19, 2011

The Honorable Bettye Davis  
State Capitol Room 30  
Juneau, Alaska 99801

Dear Senator Davis:

NeighborWorks® Anchorage respectfully submits for your consideration a request for funding to support our work in the critical areas of affordable housing, strengthening neighborhoods, and community engagement. Formerly known as Anchorage Neighborhood Housing Services, Inc. we have been improving the quality of life for Anchorage families and individuals for 30 years.

We are requesting \$200,000 from the State of Alaska to help us establish a Homeownership Center in Anchorage. This center will provide a "one-stop-shop" for families and individuals who wish to become homeowners but are not being served by traditional means. It will also help us expand our homeownership programs and services to support more people as they strive to achieve the dream of homeownership.

We greatly appreciate the opportunity to be considered for this important funding and thank you for taking the time to review our request.

Sincerely,



Debe Mahoney  
Executive Director

# NeighborWorks® Anchorage Legislative Request 2011

## Brief History of NeighborWorks® Anchorage Homeownership Center

Anchorage Neighborhood Housing Services, Inc. dba NeighborWorks® Anchorage (NWA) was founded in 1981 and is dedicated to improving the quality of life for families and individuals by strengthening neighborhoods and creating and preserving housing opportunities. NWA provides affordable rental opportunities to nearly 3,000 individuals through its 950 units, housed in nine properties throughout Anchorage. In addition to rental housing, NWA offers products and services through its homeownership line of business, supporting new homeowners and providing supportive services to existing homeowners. NWA has extensive experience creating and administering grant and loan programs to serve our target market of low- to moderate-income Anchorage residents, including seniors and persons with disabilities.

NWA has maintained a Housing Revitalization Department, now merged with the Homeownership Department, to provide residential rehab and mortgage loan services within the Municipality. Blending the lending and rehab departments help make the homeownership department a one-stop-shop. In 1997, we began offering first and second mortgage loans to low- to moderate-income borrowers through first and second mortgage programs and we were one of the first agencies to offer specific financing for borrowers with special needs. With effective products and sound underwriting practices, NWA has loaned over \$29 million to Anchorage's first time homebuyers and has created more than 1,000 homeowners since 1997. A Full Cycle Lender, the NWA homeownership department offers pre-purchase counseling as a HUD approved counseling agency. NWA counsels homeowners seeking home maintenance programs and provides post purchase education, rehab loans, down payment assistance loans, minor repair and accessibility grants, and financial workshops to our multi-family residents and the community. We currently support 60 to 65 new homeowners annually.

Since 1997, NWA has provided pre-purchase counseling to more than 2,000 individuals and provided financial literacy, predatory lending and post purchase education to more than 360 homeowners. NWA has helped preserve more than 323 homes with minor repair and weatherization improvements and provided grants to create accessibility for 240 senior, disabled or special needs homeowners and renters since 1998. NWA's delinquency rate remains far below the national and state level due to our education, counseling and supportive services. Currently our rate is 3.8% compared to the statewide rate of 4.95% and the national rate of 9.39% (Source: Mortgage Bankers Association of America seasonally adjusted rates based on 3<sup>rd</sup> quarter 2010 data). With over 45 years of combined experience, our Homeownership staff has longevity, is well-trained and highly qualified to perform quality work and meet the expected outcomes.

## Need Statement/Project Description

There are significant barriers for low income individuals and families to becoming homeowners in Anchorage. Many of these barriers are created by external forces such as the high cost of housing development, inability to accumulate savings, more restrictive lending criteria, reduction in higher paying jobs, and a lack of affordable inventory creating a greater demand for gap financing. Education and one-on-one counseling help reduce the individual and family centric

barriers and prepares our clients for homeownership. Through programs such as Full Cycle Lending<sup>®</sup>, community partnerships are built. Pre-purchase counseling as well as homebuyer education, innovative loan products, property services, and post purchase/maintenance education are offered. These, in turn, support families and positively impact neighborhoods. Counseling and education helps prepare for the home buying process and post purchase education helps to keep and maintain homes. Homebuyers generate new income for the community through real estate taxes, furniture and appliance purchases, home repairs and maintenance. The threat of foreclosure is reduced through the creation of quality, educated homebuyers with affordable mortgages.

In an effort to better serve our community, NWA sponsored an evaluation of Alaska markets and demographics to help provide a picture of current needs and support for the expansion of our homeownership department. Based upon the results of the report and our successful history, NWA was given the opportunity to apply to NeighborWorks<sup>®</sup> America to become a NeighborWorks<sup>®</sup> Homeownership Center (HOC). Approval was recently granted and we are to become the 100<sup>th</sup> NeighborWorks<sup>®</sup> Homeownership Center in the United States. As a HOC, we have the opportunity to expand our services as a one-stop-shop and include services not previously offered such as minor home repair skillbuilding. Highly visible space has become available next to our headquarters building. The unit contains both a large open area and office space. Our vision is to convert the open area into an extensive post purchase classroom. The post purchase class would be extended to 6 or 8 hours and we would provide hands on training for minor home repairs and maintenance. The office space would have a private meeting room, individual offices, two workstations, a reception area and a virtual office for our partners.

We will also develop partnerships with insurance agents, appraisers, home inspectors, and home improvement stores. Through these partnerships and our virtual office we will be creating a true one-stop-shop for homeownership. We will be expanding our post purchase class to include a section on investing and insurance, expanding the section on home/fire safety and neighborhood watch, and providing a workspace for hands-on training for home maintenance and repair. Our goal is to provide a “mini” home where homeowners can learn hands-on how to perform minor work such as sheetrock repairs, replacing toilet wax rings and door knobs, caulking or changing faucets.

NWA recognizes many first time homebuyers need education and affordable loan products to become a homeowner and they need tools and support to maintain and keep their new home safe and affordable. Our expanded home maintenance classes would be offered to the community to address the aging housing stock in Anchorage. The need for ongoing maintenance on these homes will allow us to expand our community impact and allow existing homeowners to maintain and grow what is often their largest asset while strengthening the community and increasing real estate values. The organization has been successful in reaching its intended market with its current strategies but also recognizes the need to expand its reach as the organization grows to meet the demands in the community.

#### **Fund Request/Budget**

NeighborWorks<sup>®</sup> Anchorage respectfully requests \$200,000 from the State of Alaska as a capital project to allow us to establish our Homeownership Center in support of our growing community need.

| EXPENSES   | Amount        |
|--|---------------|
| Tenant improvements  | \$75,000      |
| Capital Lease/Utilities for two years  | 74,000        |
| Furniture, Fixtures & Equipment<br>(includes receptionist desk, area seating, four offices<br>and two workspaces with computers, fax and copier) | <u>51,000</u> |
| Total  | \$200,000     |

Staff has put together a rough budget for the tenant improvements and the annual cost of the HOC for a 5 year lease. Staff is finalizing the budget, asking partners for financial support and investigating new opportunities to bring in additional income to the homeownership center to sustain the ongoing mission.

NWA anticipates the center will be sponsored by our lender partners, new Realtor® partners, insurance agents, home inspectors and businesses in Anchorage. We will also be partnering with other non profits such as Habitat for Humanity and Cook Inlet Lending Center to offer our post purchase classes and other services to their customers.

Additional funding commitments include: NeighborWorks® America will provide \$25,000 seed money in 2011 and fund the HOC at the \$20,000 level annually for 2012 and 2013. We also assume NeighborWorks® America will continue to fund the HOC at the current level of \$11,000 annually for pre-purchase counseling. Wells Fargo provided a Counseling/Education grant in the amount of \$5,000. The landlord is also willing to reduce the rental rate by half for the first year.

NWA has long standing partners in the community and has been operating its lending and counseling line of business since its inception in 1981. Currently, Alaska Housing allows NWA to borrow \$625,000 annually for the down payment assistance program, generating nearly 800 loans to first time homebuyers in 20 years. The Municipality of Anchorage has awarded NWA the contract to administer HOME funds for down payment assistance since 2001 and the current contract runs through 2012. The annual commitment for loan funds for this program averages \$500,000, making homeownership possible for 16 to 20 first time homebuyers. NWA has 8 partner contracts in place, which includes our 6 lender partners who participate in our down payment assistance programs and support other special projects such as our signature event, Paint the Town. As the gap funding need grows, we seek additional sources of funding to support affordable homeownership.

Establishment of the homeownership center allows us to reach our community members that might otherwise be underserved. Our commitment, as well of the commitment of our partners to the goal of enhancing homebuyer capacity through homeownership center services, facilitates sustainable, stronger, long term homeownership less susceptible to predatory lending and other negative forces.

In conclusion, State support for the establishment of the NeighborWorks® Homeownership Center recognizes the importance of financial education and homeownership and the stability this provides to individuals, families, and our community. While we cannot rewrite the history of the past year or two, we can help Alaskans be better prepared for their future.