

People often ask whether there are grant programs available that they can use to fix up their homes. Unfortunately, the DNA does not have a grant program for private homes, but there are a number of avenues for assistance in our area.

The program that applies to most people in the neighborhood, and as of September 1 will apply to all, is provided by the Neighborhood Finance Corporation (NFC). NFC is a cooperative effort of the City and County to increase the value of homes in certain Des Moines neighborhoods. The first type of funding is attached to a mortgage and is only available to people when they purchase a home in an NFC designated area. The homebuyers, who must get their mortgage through NFC, can then obtain additional funding for home repairs or improvements. The amount of extra funding available depends upon a number of variables, such as where the home is located, whether it is already a single-family home or is being converted back from apartments, what sort of repairs or improvements need doing, and so on, but it usually varies from about \$10,000 to a maximum of \$20,000. The money is only available to homeowners for whom the property is their primary residence, and 1/5<sup>th</sup> of the total loan (but not the mortgage) is forgiven each year (so that if the purchaser owns their home for five years, the entire loan is forgiven). This program is not income-dependent, although the purchaser must be able to qualify for the mortgage.

NFC also provides partially forgivable loans for some home repairs and improvements. These vary, so people should check with NFC for details, but generally the forgivable part of a loan subsidy ranges from 25% to 50%, depending upon income. These loans can be used for a variety of home improvements. For more information, residents can call NFC at 288-5626 (ext 209 or 211), or visit their website at [www.neighborhoodfinance.org](http://www.neighborhoodfinance.org). If you do not use Internet Explorer as your primary browser, be aware that the web site will look like it is broken, but if you scroll down to the bottom you will find all of the information (they have been informed of this error).

Beyond NFC, most City programs are income-dependent (for reference, the median family income in Des Moines is \$47,750 for a household size of one, and \$68,125 for a family of four). The most critical is often funding for emergency repairs, such as a leaky roof, clogged sewer line, and so forth. The City can provide funding for these types of projects as long as the homeowner's income is below 50% of the median family income.

Another type of emergency funding comes into play if children (under 6 years of age) of homeowners are found to have elevated levels of lead in their blood. In that case, the City will help pay for lead remediation for low income homeowners.

Finally, "gap financing" can be a very nice deal for people who are interested in fixing up houses and then reselling them. Gap financing is a way to bridge the gap between market prices and the cost to rehab deteriorating property. For example, assume that a house is selling for \$40,000, and it will cost \$60,000 to fix up. However, after being fixed up it will only be able to fetch \$80,000 on the open market, perhaps because other houses in the area are in need of repair as well. In that case, there might be no incentive to return the housing stock to an acceptable condition, and neighborhoods might deteriorate

quickly. What the City can do is pay to make up this gap, by providing the developer with the difference between the selling price and the total price paid. In the example above, the City would provide \$20,000, so that the overall economics would work. Two conditions are that the total gap financing cannot be above \$25,000, and the income of the people who purchase the fixed-up home must not be more than 80% of median. The developer is entitled to a profit, which usually works out to about 5% of the initial home purchase price and 12% of the cost of improvements.

For more information on any of the City's programs available to low-income homeowners, contact Mary Neiderbach at 283-4913 or [MLNeiderbach@dmgov.org](mailto:MLNeiderbach@dmgov.org).

The county also provides assistance for elderly, disabled, or low-income homeowners. For information about these programs, contact Dan Wambol at 286-2088.