

Task Force recommendation to the ECCO Board, May 5, 2016

In 2014, the ECCO Board established a community Task Force to explore community needs, which could be appropriately funded with residual funds from our NRP Phase II plan and unspent Neighborhood Priority Plan funds.

The Task Force is recommending that the ECCO Board approve a loan to a local not-for-profit organization, Nonprofits Assistance Fund, to support affordable housing in Minneapolis.

Nonprofits Assistance Fund

Nonprofits Assistance Fund (NAF) makes loans to nonprofits of all types throughout MN (80% in the Twin Cities). They also offer expertise to the nonprofits in the form of training and programmatic services.

NAF provides a line of credit to fill financing gaps and also provides financing that is project-based. They have \$20 million in loans out in the community, \$3.5 million is housing related. They provide loans for affordable housing that complements other funding sources (Minnesota Housing Finance Agency and Family Housing Fund).

Other Minneapolis neighborhoods have provided loans to NAF (CIDNA, East Isles and Lowry Hill).

Examples of loans that NAF has made with money from other neighborhoods' NRP funds:

- Bethesda Missionary Baptist Church: renovation of supportive housing project in downtown Minneapolis.
- Hope Community & Aeon Homes: predevelopment for affordable housing at Franklin and Portland.

It is very unlikely that NAF would work on a project in ECCO.

ECCO would loan money to NAF to be designated for housing. NAF would then loan the money for a specific project or projects. ECCO would not bear any financial risk of the project loan defaulting because our loan is to NAF.

Recommendation

Provide a \$35,000 loan to Nonprofits Assistance Fund to be used for affordable housing in Minneapolis. The term of the loan is three year; interest rate of 1.5%.

Funding sources:	Amount
Neighborhood Priority originally designated for 36 th St bikeway	\$8,990.14
Neighborhood Priority reserve funds (2014)	\$10,000.00
NRP Phase II – program income from housing loan program	\$16,009.86
Total loan amount	\$35,000.00
Possible service 2% fee from City	\$700.00

Rationale for loan

- Luke Schaan, Task Force member is a financial analyst. He reviewed NAF's financials (from 2014) and rated the credit risk as low.
- Supporting affordable housing in Minneapolis is a cause that the ECCO Board is proud to provide.
- ECCO needs to work toward meeting thresholds for unspent NRP funds by April 2017 (contract 95%; expend 85%).
- ECCO has no immediate need for the funds.
- The loan will be repaid in 2019 and will be available to use to fund other projects in the neighborhood.
- Calhoun-Harriet Master Plan will be approved later this year; the Park Board has \$3million available in 2017 for improvements. When the NAF loan is repaid, ECCO could help fund improvements at Lake Calhoun.

Final approval

The city requires a 21-day notice to the community before a vote is taken to use fund reserved for a neighborhood priority. The ECCO Board will be asked to approve this recommendation at the June 2, 2016 meeting.