

PART 4100—ORGANIZATION AND CHANNELING OF FUNCTIONS

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§ 4100.1 Functions and activities.

(a) *General statement.* The Neighborhood Reinvestment Corporation (referred to in this part as *the Corporation*) was established by Congress in the Neighborhood Reinvestment Corporation Act (title VI of the Housing and Community Development Amendments of 1978, Pub. L. 95-557, October 31, 1978). The Corporation is not a department, agency, or instrumentality of the Federal Government.

(b) The Corporation is authorized to receive and expend Federal appropriations and other public and private revenues to conduct a variety of programs designed primarily to revitalize older urban neighborhoods by mobilizing public, private, and community resources at the neighborhood level. These programs include:

(1) *Neighborhood Housing Services.* The major effort of the Corporation is to assist local communities in the development, expansion and provision of technical services to local Neighborhood Housing Services (NHS) programs. NHS programs are based upon partnerships of community residents, and representatives of local governments and financial institutions. Each local program is administered by an autonomous, private, non-profit corporation, and conducts a comprehensive revitalization effort in locally selected neighborhoods. Services to neighborhood residents include rehabilitation counseling, construction assistance, financial counseling, loan referrals and loans at flexible rates and terms to homeowners who do not meet private lending criteria. Programs and strategies to remove blighting influ-

ences, obtain improved public services and amenities, and improve the neighborhood's image and the functioning of its real estate market are also undertaken. To insure the continuing effectiveness of NHS programs, the Corporation provides grants, training, information and technical services to NHS programs.'

(2) *Mutual Housing Associations.* The Corporation also supports the organizational development of, and provides technical assistance to, Mutual Housing Associations. Mutual Housing Associations are private, nonprofit organizations which own, manage and continually develop affordable housing. Mutual Housing residents are members of the Association which owns and manages their buildings; thus they enjoy the security of long-term housing tenure. Mutual Housing developments are capitalized through up-front grants and mortgages in a combination that ensures permanent affordability to low- and moderate-income families. Monthly housing charges to residents are kept at affordable levels on a continuing basis. A key element of Mutual Housing is the Association's commitment to use all resources in excess of operating and maintenance costs for the production of additional units. A Mutual Housing Association's board of directors includes current member-residents, potential residents, and representatives from the community, local government and business. Residents and community members make up the majority on the board. A highly qualified professional staff, employed by the Mutual Housing Association, carries out the day-to-day activities of the organization. In addition to creating new affordable housing opportunities, Mutual Housing Associations offer a creative alternative for subsidized rental housing developments whose subsidies are scheduled to expire.

(3) *Neighborhood preservation projects.* The Corporation identifies, monitors, evaluates and supports through demonstration grants and technical assistance other promising neighborhood preservation strategies based on local, public-private partnerships.

(4) *Programmatic supplements.* Proven, replicable programmatic tools are offered as broadly as resources permit. Often, these selected strategies are supported by Neighborhood Reinvestment grants. The Corporation's major programmatic supplements include the following:

(i) *Neighborhood economic development and commercial revitalization strategies.* The Corporation's neighborhood economic development and commercial revitalization strategies offer NHSs a variety of tools designed to stabilize and enhance the economic base of NHS neighborhoods. They complement NHSs' revitalization mission by focusing the energies and resources of the partnership on the economic issues underlying neighborhood decline. Neighborhood economic development and commercial revitalization assures a viable neighborhood economy by strengthening small businesses and improving the physical environment of the area, thus providing additional goods, services, and employment opportunities for the community.

(ii) *Housing Development Strategies.* The Corporation's Housing Development Strategies program addresses the shortage of affordable, quality housing available to low to moderate income families in NHS neighborhoods, as well as the blighting effect of vacant lots and substandard properties. Home ownership opportunities are created through the planning and implementation of a variety of housing mechanisms by the NHS, which are intended to reverse negative real estate market trends, enhance new residential growth, and create renewed neighborhood pride. The mechanisms being used to achieve these goals include the following.

(A) The Owner Built Housing program is a supervised housing construction process that helps moderate-income homeowners to collectively build their own homes. The NHS provides technical assistance while private lenders and public bodies providing financing.

(B) The Owner Rehab Housing program assists low to moderate income families in collectively rehabilitating existing blighted and vacant structures.

(C) The Infill Housing program provides a mechanism for assisting NHSs in building new units on vacant land to meet the needs of prospective lower income homeowners.

(D) The Urban Subdivisions program focuses on providing low cost, new housing for low-to-moderate income families on tracts of land suitable for the construction of 20 or more units.

(iii) *Problem properties strategies.* This program assists NHSs in addressing specific problem areas beyond the scope of basic NHS services and typical financial resources. Through the implementation of various problem properties strategies, NHS programs are able to assist tenants to purchase, improve the physical condition of target blocks, eliminate vacant neighborhood eyesores, develop housing and service facilities for special populations, and stimulate private reinvestment and new conventional mortgages in the NHS community.

(5) *Apartment Improvement Program.* The goal of the Apartment Improvement Program is to provide an effective, economical means of revitalizing and preserving neighborhoods with multi-family housing for the benefit of the current residents. The program is based upon a partnership of tenants and community representatives, property owners and managers, financial institutions and local government. The program assists in the development of an individually tailored improvement plan of activities from which each building may benefit, including tenant participation, tax assessment reviews, and increased investment or restructured mortgages to improve the economic viability of the buildings and to finance improvements.

(6) *Neighborhood Housing Services of America.* The Corporation also supports Neighborhood Housing Services of America (NHSA), an independent, private, non-profit corporation which provides a variety of services to local NHS programs, including a secondary market for NHS revolving loan fund loans, and the strengthening of private sector resources available to the network of local NHSs.

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