



Council Communication No. 97-337

SYNOPSIS –

The present Intergovernmental Agreement between the City of Des Moines, Polk County, and the Neighborhood Finance Corporation (NFC) expires on June 30, 1997. City Council has directed staff to prepare, and present to Council for ratification, a new five-year Intergovernmental Agreement that allows all parties to continue addressing housing and neighborhood revitalization issues that are consistent with efforts outlined in the Stockard and Engler report of November 1989.

FISCAL IMPACT –

This new Intergovernmental Agreement commits the City to providing to NFC, in concert with joint contributions from Polk County, an additional \$5.0 million in either General Obligation Bonds or other government source funds, over the five-year term of the Agreement. Funds will be distributed to NFC in a timely manner that allows the agency to complete its annual work plan.

RECOMMENDATION –

Approval of a new five-year Intergovernmental Agreement between NFC, Polk County, Iowa, and the City of Des Moines.

BACKGROUND –

On November 5, 1990, the City of Des Moines, Polk County and the Neighborhood Finance Corporation (NFC) entered into an agreement, pursuant to the provisions of Chapter 28E Code of Iowa, for various housing services. That initial Agreement was extended for additional one-year durations on two separate occasions. Under the initial multi-year Agreement, the City provided a total of \$7.0 million to support NFC program efforts. Under this Agreement, NFC has closed approximately 1,300 loans totaling approximately \$37.5 million in designated neighborhoods. When combined with grants made in conjunction with the loans, NFC has provided approximately \$42 million in needed housing rehabilitation and/or construction funding, most of which has taken place in designated neighborhoods in accordance with approved neighborhood plans.

On March 3, 1997, the City Council directed the City Manager to prepare a new five-year Intergovernmental Agreement that would extend this commitment well into the future. Staff

from all three entities have crafted a new Intergovernmental Agreement that is effective from July 1, 1997 through July 1, 2002. The new Agreement incorporates into its body Amendments that had been made over the course of the previous seven-year period. Under this Agreement, both the City and Polk County will each continue to provide \$1.0 million annually to support NFC lending efforts. The total local government funding commitment for the duration of this Agreement will be \$10.0 million (\$5.0 million City and \$5.0 million Polk County.) In April 1977, the City sold General Obligation Bonds for FY1997-98. Included in that issue was \$1.0 million for our annual contribution to NFC. Meanwhile, staff continues to examine other government source funds as a possible funding alternative to support future NFC lending efforts.

The proposed Agreement is consistent with all provisions and amendments contained in the expiring Intergovernmental Agreement between NFC, Polk County, and the City of Des Moines, and includes no substantive language changes.

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