

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-261

SYNOPSIS -

AGENDA:

JUNE 7, 1999

In accordance with an Intergovernmental Agreement, the Neighborhood Finance Corporation (NFC) has requested the City provide a \$1 million funding allocation required to support lending efforts during the current year.

SUBJECT:

CITY FUNDING
COMMITMENT TO
NEIGHBORHOOD
FINANCE
CORPORATION
(NFC)

FISCAL IMPACT -

The FY99 Capital Improvements Program (CIP) included a \$1 million authorization to support NFC lending financed by the 1998 General Obligation (G.O.) Bond sale.

TYPE:

Approval.

RESOLUTION

ORDINANCE
RECEIVE/FILE

BACKGROUND -

SUBMITTED BY:

KEVIN RIPER
FINANCE
DIRECTOR

On June 23, 1997, by Roll Call No. 97-2246, the City Council entered into a 28E Agreement with Polk County and the NFC, and at its May 18, 1998, meeting, by Roll Call No. 98-1654, approved authorization of \$1 million to the NFC. In accordance with that Intergovernmental Agreement, the NFC has requested the City forward the local government funding required to support ongoing lending efforts. The Agreement covers the period from July 1, 1997 through July 1, 2002. This \$1 million contribution fulfills the City's second funding commitment under the terms of the Agreement.

The 1999 City and County contributions, along with government source funds released from prior loan programs, will fund NFC's \$16 million Phase VIII Loan Program. This is the largest loan program the NFC has offered to date. In particular, funds for Phase VIII will be used for lender

guarantees, closing costs/down payments for customers (forgivable loans), and rehabilitation (a forgivable loan with a maximum of \$7,500 per property).

This program has helped the City, working in concert with Polk County and NFC, to revitalize and preserve housing stock within designated neighborhoods. From its inception in 1991, and through December 31, 1998, NFC has made loans and grants to over 1,600 families totaling \$58 million. NFC lending efforts have also effectively served low- to moderate-income and minority households.