

Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
	OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA
01-170	SYNOPSIS -
AGENDA: APRIL 16, 2001	Approval of modifications to the Neighborhood Finance Corporation (NFC).
SUBJECT: NEIGHBORHOOD FINANCE CORPORATION PROGRAM MODIFICATION IN CONJUNCTION WITH 28E AGREEMENT WITH POLK COUNTY AND THE CITY	FISCAL IMPACT - Not applicable. RECOMMENDATION - Approval. BACKGROUND - With the announcement of Des Moines Municipal Housing Agency's sale of 124 single-family homes, various Neighborhood Revitalization Board (NRB) and neighborhood leaders have requested NFC offer mortgage financing to the new homeowners. The NFC Board of Directors, local financial institution investors, and the NRB have all recommended that the NFC offer financing and rehab grants for the purchase of the 124 public housing properties.
TYPE:	
<u>RESOLUTION</u> ORDINANCE RECEIVE/FILE	
SUBMITTED BY: JAMES GRANT COMMUNITY DEVELOPMENT DIRECTOR	It is the consensus of the investors to include sufficient funds in NFC's next loan pool participation (Phase IX) to finance the Des Moines Municipal Housing Agency's homes. This will increase Phase IX to a \$20 million offering, the largest in NFC's history. With the current governmental source funding on hand, and with the 2002 allocation from the City of Des Moines and Polk County, NFC will have sufficient governmental source funding to support a Phase IX offering of this size.
	The advantages to the homeowner of NFC providing the financing include:

- 100 percent loan-to-value market rate loan with up to \$2,000 closing cost assistance and up to \$10,000 for rehab; or
- IFA First Time Homebuyer Program with 97 percent loan-to-value below market rate loan with up to \$1,300 closing cost assistance from Iowa Finance Authority (IFA), up to \$2,000 down payment or closing assistance from NFC, and up to \$10,000 for rehab from NFC.

The advantages to the community of NFC offering the financing include:

- a local agency that is accountable to the City, County, and neighborhoods;
- a local agency with a proven track record of providing rehabilitation loans to non-traditional borrowers; and
- additional funds to ensure that the homes are rehabilitated beyond the basic city building code.

NFC staff reviewed the list of 124 homes and determined that 64 of the properties are located in NFC designated or expanded neighborhoods, while 60 of the properties are located outside of NFC's lending area.

NFC's 28E Agreement with the City and Polk County requires NFC to request the City Council and the County Board of Supervisors to review and approve any program changes that use governmental source monies outside the designated neighborhoods. Council approval is required for NFC to finance any of the 60 properties located outside of their lending area.

At their March 7, 2001 meeting, the NRB approved NFC's proposal to offer financing. The NRB specifically recommended that the City Council approve:

- the availability of financing for all 124 homes;
- that the City include information to whomever receives the contract to sell these homes that NFC financing is available and the advantages of the program; and
- that information about NFC be included in the information provided to the prospective homeowners.

The NFC Board of Directors requests City Council approval of the availability of financing and rehab grants for the 124 Municipal Housing Agency properties, including the NRB's recommendations.
