



Council Communication

Office of the City Manager

Date

March 10, 2008

Agenda Item No. 38
Roll Call No. 08-
Communication No. 08-107
Submitted by: Larry Hulse
**Director, Community Development
Department**

AGENDA HEADING:

Approval of the Neighborhood Finance Corporation Program changes in the Phase XII Private Placement Offering.

SYNOPSIS:

The Neighborhood Finance Corporation's (NFC) Phase XII Private Placement Offering for \$13,875,000 is offered to local financial institutions to raise capital for NFC's ongoing neighborhood revitalization program. As required by the 28E Agreement, the City of Des Moines must approve any proposed changes to the Neighborhood Finance Corporation's proposed lending programs. A significant change in this offering is that the City of West Des Moines is going to participate in the NFC Program for a small area in West Des Moines.

FISCAL IMPACT: NONE

The proposed offering and program changes do not affect the City's contribution, which is \$1 million in FY 2007-08.

ADDITIONAL INFORMATION:

Approximately every 2 years, the Neighborhood Finance Corporation seeks loan participation funding commitments from local financial institutions. The NFC utilizes the City's and County's public funds to leverage private investment funds; specifically, the public funding is used for forgivable loans and loss reserves.

The Phase XII Offering proposes \$13,875,000 of loan participation interests in NFC revitalization loans for:

- NFC Fannie Mae Phase XII Purchase/Rehab Loan Program (20% second mortgages) \$1,000,000
- NFC Portfolio Phase XII Purchase/Rehab Loan Program (first mortgages) \$9,000,000
- NFC Portfolio Phase XII Purchase/Rehab Loan Program (20% second mortgages) \$1,000,000
- NFC Home Improvement Phase XII Loan Program \$ 2,500,000
- NFC West Des Moines Home Improvement Phase XII Loan Program \$ 375,000

The significant change from past offerings is that Phase XII includes \$375,000 for the West Des Moines Home Improvement Program. The government source contributions are provided by the City of West Des Moines and interest earned from the Polk County investment.

The Phase XII Offering will generate \$13,500,000 that will be used by the NFC to revitalize the City of Des Moines Neighborhoods. In the past, these Phases have generated at least \$4.50 of private bank investment for every \$1 of City/County funds. In addition, the property conditions improve and assessed values increase on those homes that have received NFC funding. NFC endeavors to be a strong partner in the Neighborhood Revitalization Program and increase benefits to the City, County, and neighborhoods whenever possible.

PREVIOUS COUNCIL ACTION(S):

Date: June 4, 2007

Roll Call Number: 07-1079

Action: [28E](#) Agreement with Neighborhood Finance Corporation. ([Council Communication No. 07-316](#)) Moved by Vlassis to adopt. Motion Carried 6-0. Council Member Hensley declares a conflict of interest and abstains from voting.

BOARD/COMMISSION ACTION(S): Neighborhood Revitalization Board

Date: March 5, 2008

Roll Call Number:

Action: Neighborhood Revitalization Board recommended Approval of Phase XII Offering.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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