



Council Communication

Office of the City Manager

Date	September 8, 2008
Agenda Item No.	20
Roll Call No.	08-
Communication No.	08-535
Submitted by:	Larry Hulse, Community Development Director

AGENDA HEADING:

Approval of the “Recoverable Funding and Grant Agreement” among Habitat for Humanity International Inc., Des Moines Neighbors Neighborhood Resource Office Inc., Greater Des Moines Habitat for Humanity Inc., and the City of Des Moines.

SYNOPSIS:

This agreement provides \$500,000 of funding to the City of Des Moines Community Development Department to provide housing rehabilitation and housing development loans and grants within the King Irving and Mondamin Presidential Neighborhoods. Of the funding to the City, \$250,000 is in the form of a grant and the other \$250,000 may be used by the City for a five year period and then is repayable to Thrivent Financial for Lutherans. The City is also a key player in the local coalition that will implement the Neighborhood Action Plan to improve neighborhood and housing conditions in the Thrivent Neighborhoods.

FISCAL IMPACT:

Amount: \$500,000

Funding Source: Thrivent Builds Neighborhoods (TBN) Initiative (\$250,000 grant and \$250,000 loan to be administered by the City of Des Moines)

ADDITIONAL INFORMATION:

Background

Over the past eighteen months the City of Des Moines has been very involved in the Thrivent Builds Neighborhoods (TBN) Initiative that has focused on the King Irving and Mondamin Presidential Neighborhoods in Des Moines. TBN is a national community development partnership between Thrivent Financial for Lutherans and Habitat for Humanity International that provides funding to improve neighborhoods. Greater Des Moines Habitat for Humanity approached City Council members and City staff and recommended that TBN was an organization that could provide needed funding and planning expertise to city neighborhoods. In late 2006, the City of Des Moines, in partnership with Greater Des Moines Habitat for Humanity, the Mondamin Presidential Neighborhood Association and the King Irving Neighborhood Association, was awarded a planning grant from Thrivent Builds Neighborhoods (TBN) initiative.

On January 22, 2007 by Roll Call 07-130, the City Council authorized the City Manager to negotiate a contract with Greater Des Moines Habitat for Humanity for grant funding from the Thrivent Builds Neighborhoods Initiative to develop a neighborhood action plan for the King Irving and Mondamin

Presidential Neighborhoods. Representatives from over twenty organizations, seven City departments and dozens of neighborhood residents attended and contributed over 800 hours toward the formation of a Neighborhood Action Plan.

On December 17, 2007 by Roll Call 07-2424, the City Council approved a Thrivent Builds Neighborhoods Coalition Memorandum of Understanding regarding the implementation of the King Irving and Mondamin Presidential Neighborhood Action Plan. As a result of this action and the resulting work, the Des Moines Thrivent Builds Neighborhoods coalition has been awarded \$500,000 in grant money and \$500,000 in social investment capital to use as a catalyst to implement the Neighborhood Action Plan.

The City of Des Moines Community Development Department will receive and administer the \$500,000 in social investment capital in the form of \$250,000 in a grant and \$250,000 repayable to Thrivent Financial for Lutherans. Greater Des Moines Habitat for Humanity is also a signer on the "Recoverable Funding and Grant Agreement" as they will be administering the additional \$500,000 in grant funds in accordance with the King Irving and Mondamin Presidential Neighborhood Action Plan budget. The Des Moines Neighbors Neighborhood Resource Office will also be a signer to the agreement as they are the designated lead agency to coordinate the implementation of the objectives in the Neighborhood Action Plan.

The Neighborhood Conservation Services Division of the Community Development Department will administer the funding according to the following over the next three years:

1. Use \$125,000 to provide approximately 25 rehabilitation loans to low income homeowners with incomes under 80% of median income. The loans will focus on exterior improvements and energy efficiency improvements and will not exceed \$10,000. Staff from Home, Inc. will work with the client to determine how much of the loan the client will be able to pay back and how much will be forgiven over a five year period. The \$125,000 is totally forgivable to the City of Des Moines. Any funding repaid to the city will be reused for additional loans in the Thrivent Neighborhood.
2. Use \$125,000 to provide predevelopment money for housing development in the Thrivent Neighborhood. The City may advance money for a nonprofit to purchase a vacant lot or structure for future housing development. The funding may also be advanced for environmental testing or site plan/architectural work. The NCS Division currently does not have any flexibility to provide money for pre-development because of the requirements of the federal funds that provide the bulk of the city's housing development programs. The non profit will repay the money to the City at the time the project is fully financed and any repayments will be used for additional projects. The \$125,000 is forgivable to the City of Des Moines.
3. Use \$250,000 to provide below market rate construction financing to housing developers. The City will serve as a construction lender for a developer of affordable housing in the Thrivent Neighborhoods. All money will be repaid to the City at an interest rate of 4%. Loans will be short term, under 1 year and will generate a small amount of income. The lower interest should make the projects more affordable for homeowners and use a lower amount of HOME subsidy gap for any new construction or rehabilitation using federal funds for the end financing. The \$250,000 must be repaid to Thrivent at the end of five years.

PREVIOUS COUNCIL ACTION(S):

Date: December 17, 2007

Roll Call Action: 07-2424

Action: Approving Thrivent Builds Neighborhoods Coalition Implementation Phase Memorandum of Understanding regarding King Irving and Mondamin Presidential Neighborhood Action Plan. (Council Communication No. 07-731) Moved by Vlassis to adopt. Motion Carried 6-1.

Date: January 22, 2007

Roll Call Action: 07-130

Action: Resolution authorizing City Manager to negotiate a contract with Greater Des Moines Habitat for Humanity regarding implementation of the Thrivent Builds Neighborhoods Planning Grant Program to provide funding to develop and implement neighborhood action plan for King Irving and Mondamin Presidential Neighborhoods. (Council Communication No. 07-031) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

On December 5, 2007, The Neighborhood Revitalization Board approved a motion to send a letter in support of the King Irving and Mondamin Presidential Neighborhood Action Plan recommending the Council authorizes the signing of the Memorandum of Understanding.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Usual actions relative to administration of the funding by the City for the next three years.

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