



Council Communication

Office of the City Manager

Date

September 8, 2008

Agenda Item No. 48
Roll Call No. 08-
Communication No. 08-550
Submitted by: Larry Hulse, Director
Community Development Department

AGENDA HEADING:

Authorization to amend and extend a 28E agreement with Polk County and the Neighborhood Finance Corporation to June 2012; Authorization to amend the Birdland Buy-Out Program Funding Agreement with the Neighborhood Finance Corporation to fund acquisition costs of additional properties in the Birdland and Four Mile areas; and approval to proceed with acquisition of additional eligible flood damaged properties in the Birdland and Four Mile areas.

SYNOPSIS:

The City of Des Moines, in partnership with Polk County and the Neighborhood Finance Corporation (NFC), is currently implementing the 2008 Flood Voluntary Acquisition Program for eligible owner occupied properties in the Birdland area. At the start of the voluntary acquisition program, a total of 9 properties were expected to meet the eligibility requirements for acquisition. However, an additional 2 owner-occupied properties in Birdland that meet the program eligibility requirements have requested acquisition of their properties. In addition to Birdland, 3 owner occupied properties in the Four Mile area were significantly damaged during recent flooding and it is not feasible to rehabilitate these structures under flood plain development requirements.

The Neighborhood Finance Corporation Board of Directors has expressed a willingness to provide an additional sum of \$500,000 to fund the voluntary acquisition of the above additional owner-occupied properties in the Birdland and Four Mile areas. The City needs to extend the 28E Agreement with Polk County, Iowa and the Neighborhood Finance Corporation by an additional two years, through June 30, 2012, and amend the 28E Agreement to provide additional funding to Neighborhood Finance Corporation in the amount of \$166,667 each year for the last three years of the amended agreement to help offset and replenish the funds provided by Neighborhood Finance Corporation for the amendment to the acquisition program.

FISCAL IMPACT:

Amount: \$500,000 (No impact in FY2009, additional \$166,667 per year in FY2010 through FY2012)

Funding Source: General Obligation Debt retired through annual Debt Service Property Tax Levy

ADDITIONAL INFORMATION:

On July 28, 2008 by Roll Call No. 08-1376, the City Council approved a funding agreement with the Neighborhood Finance Corporation to fund the 2008 Flood Voluntary Acquisition program for the

Birdland area, and authorized the voluntary acquisition of eligible properties. Initially, there were 9 properties that were considered eligible for voluntary acquisition under this program, and now there are a total of 11 properties that qualify. The original 9 properties have all signed a purchase agreement to sell their property to the City and staff is currently working on closing all 9 transactions by the end of September 2008. However, additional funding is required to complete the purchase of all 11 eligible properties in the Birdland area.

In addition, City and County Rehabilitation staff conducted an on-site feasibility analysis of each home in the Four Mile area, which also sustained recent flood damage. Through a complete inspection of the structure, the analysis identified the immediate repairs and total scope of rehabilitation needed to result in a safe, healthy, comfortable dwelling. The assessment also includes a preliminary cost estimate of the total repairs. Through this process, staff was also able to meet with two of the three individual property owners that incurred significant property damage to further assess the actual needs of each of the structures in the Four Mile area. Based on these assessments, there are 3 properties that were significantly damaged from recent floodwaters. It is not feasible to rehabilitate these structures under Flood Plain Development requirements. Staff is recommending approval of additional local funds from the Neighborhood Finance Corporation to meet the immediate assistance needs of these residents so they may be able to return their lives to normal as soon as possible.

The City's intent is to accept an additional \$500,000 from the Neighborhood Finance Corporation. The City needs to extend the 28E Agreement with Polk County, Iowa and the Neighborhood Finance Corporation by an additional two years, through June 30, 2012, and amend the 28E Agreement to provide additional funding to Neighborhood Finance Corporation in the amount of \$166,667 each year for the years ending June 30, 2010-12, to help offset and replenish the funds provided by Neighborhood Finance Corporation for the amendment to the acquisition program.

The 2008 Flood Voluntary Acquisition Program will continue to be used for acquisition of the additional 5 eligible properties in the Birdland and Four Mile areas. City staff is also proceeding with a notice of interest to FEMA for future Hazard Mitigation Grant funds, which would allow for an expanded voluntary acquisition program in the Four Mile area.

PREVIOUS COUNCIL ACTION (S):

Date: July 14, 2008

Roll Call Number: 08-1274

Action: Authorization to request Emergency Community Development Block Grant Funds from Iowa Department of Economic Development to be used for a flood buy-out program. (Council Communication No. 08-419) Moved by Vlassis to adopt. Motion Carried 7-0.

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): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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