



Council Communication

Office of the City Manager

Date	October 13, 2008
-------------	------------------

Agenda Item No.	66
Roll Call No.	<u>08-</u>
Communication No.	<u>08-622</u>
Submitted by: Larry Hulse, Community Development Director	

AGENDA HEADING:

Approval of an amendment to the 28E Agreement with Neighborhood Finance Corporation (NFC) and City of Des Moines

SYNOPSIS:

Request Council approval of a supplemental two-year 28E Agreement between the City of Des Moines and NFC. This agreement covers the period from June 30, 2010 to June 30, 2012. It obligates the City of Des Moines to pay \$500,001 to NFC, over and above its present obligation of \$1,000,000 per year under the existing 28E Agreement between and among NFC, Polk County and the City of Des Moines, and extends the City's commitment for two additional years. The additional \$500,001 is to repay funds that have been used by the City to fund acquisition costs of additional properties in the Birdland and Four Mile areas.

FISCAL IMPACT:

Amount: \$2,500,001

Funding Source: G. O. Bonds, CMO990000, FY2008-09 CIP, Page 19 Economic Development

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 October 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 structures, 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 are able to return their lives to normal as soon as possible.

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.

For the City to fund the additional cost of the acquisition of the 5 eligible properties it will borrow an additional \$500,000 from the Neighborhood Finance Corporation. The city will provide an additional \$166,667 to the Neighborhood Finance Corporation each year for years ending June 30, 2010 through 2012. This action requires the need to extend the 28E Agreement with the Neighborhood Finance Corporation by an additional two years. The amendment to the 28E Agreement will extend the period through June 30, 2012, and to provide additional funding to Neighborhood Finance Corporation in the amount of \$166,667 each year for a total of \$500,001. This helps offset and replenish the funds provided by Neighborhood Finance Corporation.

The amendment extension does not include Polk County at this time; however they have expressed a general willingness to continue the agreement in the future with the Neighborhood Finance Corporation.

PREVIOUS COUNCIL ACTION(S):

Date: September 8, 2008

Roll Call Number: 08-1625

Action: Amendment and extension of 28E Agreement to June 2012 with Polk County and Neighborhood Finance Corporation, amendment to Birdland Buy-out Program Funding Agreement with 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 Birdland and Four Mile areas. (Council Communication No. 08-550) Moved by Mahaffey to approve. Motion Carried 7-0

Date: July 8, 2002

Roll Call Number: 02-1768

Action: Intergovernmental 28E Agreement with Neighborhood Finance Corporation and Polk County to provide necessary housing finance programs to implement a variety of City neighborhood revitalization programs for the period of July 1, 2002 to June 30, 2007. (Council Communication No. 02-353) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 23, 1997

Roll Call Number: 97-2246

Action: Revised Intergovernmental 28E Agreement with Polk County, and Neighborhood Finance Corporation, to extend period thru June 1, 2002. (Council Communication No. 97-337). Moved by McPherson to approve. Motion Carried 5-2. Absent: Phillips and Daniels.

BOARD/COMMISSION ACTION(S):

Date: May 2, 2007

Action: Recommend that City Council approve the 28E Agreement

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.