

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	December 21, 2009
	Agenda Item No. 27 Roll Call No. <u>09-</u> Communication No. <u>09-871</u> Submitted by: Larry Hulse, Director Community Development	

AGENDA HEADING:

Approval of First Amendment to the Supplemental 28E Agreement between the Neighborhood Finance Corporation (NFC) and the City of Des Moines.

SYNOPSIS:

Request Council approval of an amendment to the Supplemental 28E Agreement between the City of Des Moines and NFC to reflect the actual expenditures of \$1,237,687 used to fund the 2008 Flood Voluntary Acquisition program for Birdland and Four Mile residents. The amendment reduces the amount of funds to be repaid to NFC by \$262,313, and revises the repayment schedule to the NFC, as outlined in the Amended Supplemental 28E Agreement by and between the NFC and the City of Des Moines.

FISCAL IMPACT:

Amount: \$262,313 reduction in obligation to the NFC

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 for one million dollars with the NFC to fund the 2008 Flood Voluntary Acquisition program for the Birdland area, and authorized the voluntary acquisition of eligible properties. NFC realized the 2008 flood had an overwhelming impact on some households in the flood devastated areas.

NFC receives funds from the City of Des Moines and Polk County each year through a 28E agreement. Throughout the years, NFC used the funds in accordance with 28E guidelines. Furthermore, through prudent underwriting, seeking repayment on loans, and recovery of portions of forgivable loans that did not fulfill the NFC’s requirements, NFC minimized losses of the funds from the City and County. Due to this vigilant stewardship of the funds, NFC was able to provide financial assistance to the City and County for flood relief efforts, and partner with the City, County and other not-for-profits to facilitate service delivery.

On September 8, 2008, by Roll Call No. 08-1625, the City Council approved an amendment to and an extension of the 28E Agreement by and among Polk County and NFC until June 2012, an amendment to the Birdland Buy-out Program Funding Agreement between the City of Des Moines and NFC to fund

acquisition costs of additional properties in the Birdland area, and approval to proceed with acquisition of additional eligible flood-damaged properties in the Four Mile area.

On October 13, 2008, by Roll Call No. 08-1806, the City Council approved a Supplemental 28E Agreement to fund the five additional eligible properties (two in Birdland and three in Four Mile) through borrowing an additional \$500,000 from the NFC, but setting up terms of repayment. The terms of the repayment outlined in the agreement required the City to provide an additional \$166,667 to NFC each year for the years June 30, 2010 through 2012.

The buy-out program is complete with a total of 14 owner occupied homes purchased in the Birdland and Four Mile areas for a total project cost of \$1,237,687. The original budget for this project was \$1,500,000, which was funded by NFC with a \$1,000,000 grant and a \$500,000 loan. The actual project costs were \$262,313 less than budgeted, which was a result of lower than expected costs for demolition, relocation and administrative activities.

The First Amendment to the Supplemental 28E agreement has been revised to reflect the actual amount spent and the repayment terms have been modified to the following:

Year	Amount of Payment	Change
Fiscal year 2010	\$1,166,667	No change
Fiscal Year 2011	\$1,071,020	\$95,647 less
Fiscal Year 2012	\$1,000,000	\$166,666 less

PREVIOUS COUNCIL ACTION(S):

Date: October 13, 2008

Roll Call Number: 08-1806

Action: Supplemental 28E Agreement with Neighborhood Finance Corporation extending from June 30, 2010 to June 30, 2012 and increasing amount by \$500,000. (Council Communication No. 08-622) Moved by Coleman to adopt. Motion Carried 6-1. Absent: Cownie.

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 28, 2008

Roll Call Number: 08-1376

Action: Consideration of Birdland Voluntary Acquisition Program for flood damaged properties.
SPONSOR: Mahaffey. (Council Communication No. 08-462) Moved by Vlassis to adopt. 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

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