

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> June 8, 2015
	<b>Agenda Item No.</b> 40 <b>Roll Call No.</b> <u>15-932</u> <b>Communication No.</b> <u>15-289</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Approval to expand Neighborhood Finance Corporation (NFC) lending areas outside of designated and low to moderate income neighborhoods for a limited time.

**SYNOPSIS:**

This action requests that the City of Des Moines approve the expansion of NFC lending areas into four (4) neighborhoods: Meredith, Watrous South, Waveland Woods, and Westwood.

The NFC provides home improvement and home ownership loans to neighborhoods designated through the City’s Neighborhood Revitalization Program (NRP), as well as all low-moderate income neighborhoods. As such, there are nine (9) recognized neighborhoods that have never been eligible to receive funding. The City will not select new neighborhoods for the NRP program for the next two (2) years. Until that time, the NFC wishes to expand lending into selected neighborhoods that have been previously ineligible. The four (4) neighborhoods were selected based on neighborhood interest, as well as attendance at a mandatory meeting hosted by the City and NFC.

**FISCAL IMPACT: NONE**

**ADDITIONAL INFORMATION:**

Due to the PlanDSM Comprehensive Planning process, the City of Des Moines does not expect to go through a neighborhood selection process for the NRP until late 2016 or early 2017. As a result, NFC desires to offer expanded lending to selected neighborhoods that have never received NFC financing. Participating in the expanded lending program will not preclude neighborhoods from participating in NRP in the future.

NFC has approximately \$1.5 million available annually for home improvement and home purchase loans. Based on recent data, the expected number of home improvement loans would be approximately 70 per year. It is difficult to predict how many purchase loans would be made, but purchase loans would decrease the number of loans overall.

Presidents from nine (9) recognized neighborhoods were mailed notice to attend a mandatory meeting, if interested in participating in NFC lending. The meeting was hosted by the City and NFC from 5-6 p.m. on May 20, 2015. Representatives from three (3) neighborhoods attended: Meredith, Waveland Woods,

and Westwood. Those neighborhoods not attending included: Easter Lake, Ingersoll Park, Linden Heights, Salisbury Oaks, Southwestern Hills, and Watrous South.

**Staff Recommendation:**

1. Meredith, Waveland Woods, and Westwood all had a very strong interest in participating in NFC lending. Westwood will have a defined project area within the neighborhood - only properties along 56<sup>th</sup> Street and to the west will be eligible to apply for funding. As Meredith and Waveland Woods have a more homogenous housing stock, the entire neighborhood will be eligible.
2. While Watrous South did not attend the meeting, the Community Development Department and NFC wish to include them in the expanding lending area. The average assessed value of a home in Watrous South is \$111,744 – the lowest of the nine (9) neighborhoods that have never received funding. Additionally, the need for NFC lending in this area has been discussed in meetings of the Friends of SW 9<sup>th</sup> Steering Committee. Max Knauer, Watrous South Secretary, has confirmed the neighborhood's interest in participating.
3. In all cases, a maximum valuation of \$200,000 will be placed to determine eligibility. At this valuation, just over 80% of the homes in Meredith, Waveland Woods, and the Westwood project area are eligible for financing, as well as 99% of the homes in Watrous South.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S):**

Board: Neighborhood Revitalization Board

Date: June 3, 2015

Resolution Number: N/A

Action: Approve the expansion of the neighborhoods.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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