

**CITY COUNCIL COMMUNICATION 98-079  
MARCH 2, 1998 AGENDA**

**SUBJECT:**

**APPROVAL OF A PROPOSAL TO CREATE  
A NEIGHBORHOOD DEVELOPMENT  
CORPORATION**

**SUBMITTED BY:**

**JIM GRANT  
COMMUNITY DEVELOPMENT DIRECTOR**

**SYNOPSIS –**

This recommendation approves the concept of and directs staff to prepare the necessary documents for the creation of a Neighborhood Development Corporation.

**FISCAL IMPACT –**

This specific recommendation does not require any commitment of funds. If the Neighborhood Development corporation is created, there is a proposal to use \$1.225 million in Urban Development Action Grant (UDAG) early repayment funds included in the proposed 1998-99 Capital Improvements Program (CIP) budget.

**RECOMMENDATION –**

**Direct staff to draft the necessary documents for the creation of a Neighborhood Development Corporation.**

**BACKGROUND –**

In 1989, the City and Polk County jointly sponsored a study of housing and neighborhood needs within the City. The firm of Stockard and Engler was chosen to study the City' s housing stock and neighborhood conditions and service delivery systems. Additionally, the firm was to develop a plan of action to be used in revitalizing the City' s neighborhoods. The result of these efforts was the “ Housing Improvement and Neighborhood Revitalization Report” , more commonly known as the Stockard & Engler Report.

On February 19, 1990, by Roll Call No. 90-680, the City Council voted to accept this document. One key recommendation of this report was that the governmental entities, the private sector, nonprofit housing entities, and neighborhood groups should all work together to focus revitalization activity in defined neighborhood areas. The result was the creation of the Neighborhood Finance Corporation (NFC) for the purpose of linking public funds with private funding to provide alternative financing for the purchase and rehabilitation of housing. The NFC was incorporated as an Iowa nonprofit corporation on May 4, 1990, through a joint effort of the City, Polk County, and the Des Moines Development Corporation. This formation included the creation of a 28E Agreement between the City, Polk County, and the NFC in which the City and County agreed to provide funding in the amount of \$1 million annually. Since its formation, the NFC has used the money provided to leverage private funding and has provided \$41 million in loans, grants, and subsidies for 1,225 units of housing in 12 neighborhoods.

Another recommendation made by Stockard and Engler was the creation of a Neighborhood Development Corporation that would implement development activities identified in neighborhood plans. Stockard and Engler stated that after the NFC was functioning for a year, that the Board of Directors would review the need for a nonprofit development corporation. Based on its experience with neighborhood revitalization, the NFC determined that there was a need for an entity that would implement revitalization projects. An evaluation of the Neighborhood Revitalization Program that was presented to the City Council on October 21, 1996, also identified the need for a development corporation to complete the goals identified in neighborhood action plans.

On March 22, 1993, by Roll Call No. 93-1120, the City Council approved a Memorandum of Understanding with the Des Moines Development Corporation to form a Neighborhood Development Corporation to be the financing and technical assistance vehicle to plan, develop, and execute specific activities and projects for the mutual benefit of the Neighborhood Development Corporation, citizens of Des Moines, and neighborhood organizations. This organization, known as the Hillside Neighborhood Development Corporation, requested proposals for development projects from neighborhoods with approved plans and completed one project. The project was for the construction of ten single family units located on Rollins Avenue using County-owned and private lots. After this project was completed, the Hillside Neighborhood Development Corporation did not pursue any additional development projects related to neighborhood plans and has ceased to function.

As a result, there is still a need for a functioning entity that can implement residential and commercial projects that will support neighborhood revitalization activities. The proposal states that the mission of the proposed development corporation is “ to help provide planning, coordination, and implementation of public and private redevelopment efforts within Recognized, Designated, Charter Neighborhoods located in low- to moderate-income census tracts in the City of Des Moines” including “ the acquisition of commercial and residential properties for future development consistent with the Neighborhood Action Plan while being sensitive to the needs of the business community. These redevelopment efforts are intended to assist in the creation of small businesses and employment opportunities for people living in the neighborhood.”

This entity will be a nonprofit organization with a Board of Directors that will include representatives from the City, the Neighborhood Revitalization Board (NRB), the business community (two), and two neighborhood-based representatives appointed by the City. Polk County will also appoint two business representatives, two neighborhood representatives, and a representative from Polk County. The remaining positions will be filled by representatives from Des Moines Development, Mid-City Business Center, and the NFC. Staffing will be one person with neighborhood commercial development experience. The proposed 1998-99 CIP budget includes an item that identifies the use of \$1.225 million from UDAG early repayment funds to provide funding for projects and the operating budget. The Des Moines Development Corporation has also approved a grant of \$75,000 for the next three years which is a total pledge of \$225,000. Polk County has also agreed to support this effort and the Board of Supervisors passed a resolution that approved the concept of the Neighborhood Development Corporation and directed its staff to prepare the necessary agreements and documents for approval.

The NRB reviewed and approved this proposal at their meeting on January 21, 1998. Following the report of its subcommittee, the NRB voted to support the proposal with the following suggestions: 1) The Neighborhood Development Corporation should follow the guidelines used by the NFC Board as their open meeting policy; 2) The proposal should not limit potential projects to Sixth Avenue in the River Bend Neighborhood or East Grand in the Capitol East Neighborhood; 3) Representative from neighborhoods with ongoing Neighborhood Development Corporation projects should be added to committees that will report to the board of the development corporation, but will not have voting privileges; and 4) Create an item under the Implementation section of the proposal that reads, “ Identify project areas in Recognized, Designated or Charter Neighborhoods located in low- to moderate-income census tracts in the City of Des Moines with priority given to completing projects with approved Neighborhood Revitalization Plans.”

The City Council is requested to review and approve the proposal for the creation of a Neighborhood Development Corporation in concept, and direct staff to prepare the necessary documents and agreements for the City Council to approve in order to create the Neighborhood Development Corporation.