

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-569

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

NOVEMBER 5, 2001

SUBJECT:

FAIRMONT PARK
PROGRAM
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

SYNOPSIS -

Amending the Southwest Fairmont Park Neighborhood Enhancement Program administration fees obtained by the Neighborhood Finance Corporation (NFC) from 5 percent to 6 percent of the annual program allocation. In addition, the Neighborhood Conservation Services (NCS) Division of the City of Des Moines wishes to reduce its administration fee by 1 percent, thereby obtaining a 9 percent administration fee for this program over three consecutive fiscal years beginning with Fiscal Year (FY) 2002. This action will amend the Southwest Fairmont Park Neighborhood Enhancement Program adopted by Roll Call No. 01-2337 on July 23, 2001. This program will be offered to owner-occupied residential properties in an area bounded by Guthrie Avenue to the north, Easton Boulevard to the south, Delaware Avenue to the west, and Interstate 235 (I-235) to the east. The enhancement program will be a unique program for this particular neighborhood and will be administered by the NCS Division of the Community Development Department in partnership with the NFC.

FISCAL IMPACT -

Funds are provided over three consecutive fiscal years beginning with FY2002 in the Neighborhood and Economic Development category of the Capital Improvement Program (CIP) for a total of \$1,500,000. The current CIP provides for a fourth year of funding for this program. That funding has not been drawn upon.

RECOMMENDATION -

Approval.

BACKGROUND -

On September 27, 2000, Council Member Mike McPherson held a

meeting to discuss issues related to how the expansion of the freeway will affect the neighborhood in the southwest corner of the Fairmont Park Neighborhood Association. This particular area of Fairmont Park is in a unique position between the freeway to the east and the industrial development of the Guthrie Avenue Business Park to the west. Within the past two years, the Iowa Department of Transportation (IDOT) acquired and demolished approximately 50 houses on Tichenor Street to further expand the freeway, which has left approximately 155 houses standing (eight houses on Tichenor, two rows of houses on East 21st Street, and a few houses on Delaware).

A follow-up meeting was held on November 29, 2000 to discuss possible options for the neighborhood. During the months following this meeting, each property owner was asked to select from the options presented at the November meeting. The results of the selection process were presented at a meeting on March 28, 2001 and include:

- IDOT will construct a noise wall between this neighborhood and the freeway;
- the City of Des Moines will improve the storm water infrastructure in conjunction with the new Dean's Lake outlet and resurface streets as needed upon the completion of the construction in this area; and
- the City of Des Moines will provide funding of a housing improvement program.

On July 23, 2001, by Roll Call No. 01-2337, the City Council authorized the creation of the Southwest Fairmont Park Neighborhood Enhancement Program. NCS staff have worked with the NFC to develop a unique program for this neighborhood that will create incentives for property owners to improve their homes, which will contribute to decent, safe, and sanitary housing in the City as well as beautify this neighborhood. This program is unique in that it is not offered through any other existing programs, but can be utilized in conjunction with other housing improvement programs that exist in the community.

The enhancement program will provide short-term loans with a repayment term of up to 15 years to construct property improvements that will contribute to maintaining decent, safe, and sanitary housing and beautifying the neighborhood. The repayment term is variable depending upon the credit qualifications of the applicants. For property owners less than 50 percent of the Median Family Income,

the NCS Division is offering a \$25,000 home improvement grant, which will be amortized using a 15-year schedule. For property owners unable to meet the underwriting requirements of the NFC as well as the NCS Division, referrals will be provided to agencies to help eliminate problems or provide counseling to prevent credit problems in the future. The optimal outcome of this program would be for it to serve as a model for future housing enhancement programs in other uniquely distressed Des Moines neighborhoods.

Because of additional implementation activities required by the NFC for the implementation of this program, the administration fees they collect would be increased from 5 percent to 6 percent. This fee structure is in accordance with standard NFC loan programs. In addition, the NCS Division wishes to reduce its administration fee by 1 percent, thereby obtaining a 9 percent administration fee for this program over three consecutive fiscal years beginning with FY2002.
