

Council Communication

Office of the City Manager



Date

July 10, 2006

Agenda Item No. 41I
Roll Call No. 06-
Communication No. 06-427
Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Resolution to designate five new neighborhoods to be included in the City's Neighborhood Revitalization Program (Douglas Acres, Drake, Merle Hay, South Park, Waterbury).

RECOMMENDATION:

Recommend approval of the Douglas Acres, Drake, Merle Hay, South Park and Waterbury Neighborhoods for selection as Designated Neighborhoods in the Neighborhood Revitalization Program. Staff recommends that Waterbury and South Park be the first two neighborhoods to go through the planning process. Upon completion of those two plans, the City Manager will reevaluate resource availability given current budget constraints to determine which of the remaining neighborhoods is most appropriate given available resources. However, all the five neighborhood will be eligible to receive assistance from the Neighborhood Finance Corporation (NFC).

FISCAL IMPACT:

Amount: Unknown. At the time in which the individual neighborhood plans are approved, there will be much more detailed information regarding the fiscal impact of each plan.

Funding Source: N/A

ADDITIONAL INFORMATION:

At their March 13, 2006 joint meeting, the City Council and Polk County Board of Supervisors authorized staff to begin the neighborhood selection process. This process calls for the Neighborhood Revitalization Board (NRB), in conjunction with City and County staff, to coordinate the selection of new neighborhoods for inclusion in the Neighborhood Revitalization Program (NRP). On March 31, 2006, a letter was sent to all eligible Recognized Neighborhoods inviting them to apply for the NRP. Eight neighborhoods submitted applications for consideration, including Douglas Acres, Drake, Merle Hay, Salisbury Oaks, South Park, Valley High Manor, Waterbury and Westwood.

Using data from the Polk County Assessor's Office and the City's Community Development Department, staff was able to classify the City's neighborhoods as stable, transitional positive, transitional negative or distressed according to a system of Neighborhood Indicators that was developed in 2001. Of the eight

neighborhoods under consideration, Salisbury Oaks and Waterbury are classified as stable; Douglas Acres, Merle Hay, South Park, Valley High Manor and Westwood are classified as transitional positive; and Drake is classified as transitional negative. Although Westwood is technically classified as transitional positive, it is less than one point from being considered a stable neighborhood, and, therefore, it is recommended that it be considered a stable neighborhood for purposes of the neighborhood selection process.

In addition to the information provided by the neighborhoods in their applications and presentations, several other factors were considered in order to develop the recommendation. Those factors include capacity of the neighborhood organization, visibility, school and community facilities, unique features and potential return on investment.

The NRP provides Designated Neighborhoods with professional planning assistance that leads to the creation of a neighborhood plan. The Plan becomes an amendment to the City's comprehensive land use plan. The plan will address the following:

- Land use concerns
- Housing issues
- Public infrastructure needs
- Commercial development
- Other neighborhood concerns

Once the public infrastructure needs are identified, they are prioritized for inclusion in the City's Capital Improvement Budget through the Neighborhood Infrastructure Rehabilitation Program (NIRP). Designated Neighborhoods are also eligible for Neighborhood Finance Corporation (NFC) programs. Inclusion in the NRP gives a neighborhood the opportunity to identify and prioritize the neighborhood's needs and the opportunity to partner with all City departments to implement their plan.

The policies that guide the NRP advise that the program include a mix of stable, transitional and distressed neighborhoods. By focusing resources on a limited number of neighborhoods, the program can maximize limited public resources. A balanced approach recognizes that the City should provide assistance to all types of neighborhoods, including those on both ends of the spectrum. Currently, the NRP has no stable neighborhoods, five transitional neighborhoods (Fairground, Gray's Woods, North of Grand, Sherman Hill and Waveland Park) and one distressed neighborhood (King Irving). Currently the City Council has declared that Fairground, Gray's Woods, North of Grand, and Sherman Hill will automatically become Charter Neighborhoods on January 1, 2007, which will leave the NRP with only two neighborhoods, King Irving and Waveland Park.

After 15 successful years and the completion of 18 neighborhood plans, the Neighborhood Revitalization Program is entering a "new era." A scan of the neighborhood map shows that the City has already completed plans for many of the City's pre-World War II transitional neighborhoods, so now interest is being expressed by some of the City's post-World War II era neighborhoods such as Merle Hay, Douglas Acres and South Park, which will require a different set of tools than the City's older neighborhoods. The neighborhoods are generally denser and the housing stock is more modest, comprised primarily of bungalows and ranches. These neighborhoods will present a good opportunity for the NFC to assist low and moderate income and first time homebuyers in purchasing these homes. Many of these homes will require system upgrades and other improvements to address functional obsolescence.

The City's Neighborhood Recognition Policy has always allowed neighborhoods to determine their own boundaries, which has created some very small neighborhoods and some very large neighborhoods. Of the neighborhoods under consideration, both extremes are represented with Valley High Manor having only 139 residential structures and Merle Hay with 3,871 residential structures. If selected, Merle Hay and Drake will

by far be the largest neighborhoods to participate in the NRP, which will require additional time resources and new techniques from both the City and NFC to develop and implement a plan.

Additionally, due to the success of the program in the Greenwood Historic neighborhood, an unprecedented three stable neighborhoods have submitted applications. Each of these neighborhoods, Salisbury Oaks, Waterbury and Westwood, had a unique set of strengths and opportunities that made the selection of one stable neighborhood quite a challenge for the staff.

Another aspect of the “new era” of the NRP is the recommendations provided by the Wisconsin Partnership for Housing Development’s 2005 evaluation of the NRP. The evaluation acknowledges the City’s success with the program in stable and transitional neighborhoods, but indicated a need for those neighborhoods to play a more active and responsible role in the planning and implementation process, as well as a need to tailor the plans to fit the needs of each individual neighborhood, as one plan does not fit all neighborhoods. The evaluation calls for the City to develop a more “menu-driven” approach to working with neighborhoods that is based on the classification, needs and abilities of the neighborhood.

The recommended neighborhoods will pose some new challenges for the NRP, but they will also allow the program to expand to the far reaches of the City. Below is a detailed analysis of why each neighborhood was recommended or not recommended for the program, as well as some additional considerations.

Douglas Acres

The Douglas Acres Neighborhood Association is located on the City’s northeast side, bordered on the north by the City limits and north of East Euclid Avenue between Interstate 235 and the Four Mile Creek. The neighborhood has about 850 residential structures, of which approximately 10% are in below normal, poor or very poor condition. The neighborhood is home to approximately 2,700 people. The neighborhood association was established in 1997, and aims to preserve the quality of the Douglas Acres Neighborhood, promote the area as desirable for family living, foster neighborhood fellowship, and serve as a vehicle by which neighborhood problems are resolved and neighborhood goals are achieved.

The primary concerns of the association are related to the neighborhood’s infrastructure. Streets, curbs and sidewalks throughout the neighborhood are in ill repair. The neighborhood also expressed some concern regarding abandoned commercial structures and problem rental properties.

The Douglas Acres neighborhood would be well served by inclusion in the NRP. Many of the neighborhood’s concerns can be remedied through the City’s Neighborhood Infrastructure Rehabilitation Program (NIRP). Additionally, the neighborhood is a good fit for the Neighborhood Finance Corporation (NFC), as only half of the neighborhood is currently eligible for its programs. The neighborhood appears to have a strong association, with about a quarter of the households being paid members. Members of the association have significant experience working on City boards and commissions, as well as working with the Des Moines Public Schools on issues related to school boundaries and mergers, both of which will be an asset during the planning and implementation process.

Drake

The Drake Neighborhood Association is located on the City’s west side, and is generally bounded by Franklin Avenue on the north, Interstate 235 on the south, Martin Luther King, Jr. Parkway on the east and 42nd Street on the west. Drake University and the Des Moines Playhouse are both located within the boundaries of the neighborhood. The neighborhood has about 2,150 residential structures, of which approximately 17% of the residential structures in the neighborhood are in below normal, poor or very poor condition. The neighborhood is home to approximately 10,300 people. The neighborhood association was established in

1979, and was recognized by the City in 1993. Its goals are to gain awareness and instill pride in the neighborhood, to make neighbors feel secure in their persons and belongings, to preserve and beautify the neighborhood, to promote a healthy business climate and to encourage a self-help attitude in the neighborhood.

The neighborhood has a number of concerns which can be addressed through the NRP including infrastructure and housing issues. The neighborhood was one of the original Neighborhood Based Service Delivery areas, and has been a true partner in that program since its inception. The City has already begun to work with the neighborhood on several commercial issues including a redevelopment plan for the Forest Avenue corridor and a proposed streetscape beautification project surrounding Drake University, both of which would be further developed if Drake is selected to become part of the NRP. In addition, there are parts of the neighborhood that are shared between multiple neighborhoods and one area which has developed an independent identity. These boundary and representation issues will need to be addressed before beginning the planning process and likely before an NFC lending policy is developed.

Participation in the NRP would provide great benefit to the Drake neighborhood. The western part of the neighborhood is currently ineligible for NFC program because the area's median income is above HUD's low and moderate income guidelines, so the neighborhood is hopeful that eligibility for NFC programs will bring greater interest in the neighborhood by prospective homebuyers. Many of the neighborhood's infrastructure concerns can be addressed through NRP. Participation in the NRP will strengthen the City's commitment to existing projects in the neighborhood. The neighborhood has a strong membership base and has significant experience working with the City and other public entities, as well as a great relationship with Drake University and surrounding businesses, all of which will be needed to ensure success during the planning and implementation process.

Merle Hay

The Merle Hay Neighborhood Association is located on the City's far west side, and is generally bounded by Aurora Avenue on the north, 51st Street, Franklin Avenue and University Avenue on the South, 48th Place and 48th Street on the east and the city limits on the west. The neighborhood is home to Merle Hay Mall, Hillis Elementary School, St. Theresa's Church and School, Riley Park and Tower Park. The neighborhood has 3,871 residential structures, of which approximately 5% are in below normal, poor and very poor condition. The neighborhood is home to approximately 10,070 people. The neighborhood aims to enhance and improve the quality of life and foster a sense of community pride through citizen participation.

The neighborhood has a variety of concerns that can be addressed through the NRP including infrastructure, housing, rental properties and vacant commercial properties. Additionally the neighborhood has expressed an interest in developing several gateway features at entrance points to the City.

Merle Hay was passed over during the 2001 Neighborhood Selection process, but staff is confident that the neighborhoods shortcomings identified at that time have been remedied and that the neighborhood is ready to undertake the planning process. The diversity of issues in Merle Hay makes it an excellent candidate for the NRP. Additionally, the neighborhood should provide a steady stream of activity for the NFC, as it is not currently eligible because the neighborhood does not meet HUD's low and moderate income criteria.

South Park

The South Park Neighborhood Association is located on the City's south side, and is bounded by Park Avenue on the north, Army Post Road to the south, Southeast 14th Street to the east and Southeast 5th Street to the west. South Park is home to Lovejoy Elementary School, Weeks Middle School and the Southeast 14th Street and Army Post commercial corridors. The neighborhood has approximately 1,100 residential structures, of

which slightly more than 4% are in below normal, poor or very poor condition. The neighborhood is home to approximately 5,200 people. The goals of the neighborhood association are to enjoy a safe and friendly neighborhood by establishing a working relationship between neighbors, commercial establishments, government leaders and organizations.

The neighborhood has many concerns that can be addressed by participation in the NRP including infrastructure, housing and land use. The neighborhood has several dilapidated mobile home parks that will pose a unique challenge during the planning process. Additionally, the neighborhood has a high number of large multi-family complexes and duplexes throughout the neighborhood. The neighborhood is currently working with the City's Office of Economic Development (OED) on the Southside Revitalization Plan which addresses redevelopment opportunities along the Southeast 14th Street and Army Post Road corridors. The neighborhood plan will not be able to address the complex issues related to these corridors, so the neighborhood will continue to work with OED on these issues. The neighborhood is also part of the City's NBSD program, which helps address ongoing quality of life issues such as crime and illegal dumping.

The South Park neighborhood is a good match for the NRP. It has a variety of infrastructure, housing and land use concerns that can be addressed through the planning process. The NRP has only worked in one south side neighborhood, so in an effort to be more geographically balanced, South Park is a logical choice. The neighborhood is currently eligible for NFC programs, but selection as a Designated Neighborhood should increase loan production in the neighborhood. The neighborhood association has strengthened in recent years due to its affiliation with the NBSD program and has a strong group of active members that are eager to begin the planning and implementation process.

Waterbury

The Waterbury Neighborhood Association is located on the City's west side, and is bounded by Interstate 235 on the north, Grand Avenue on the south, Polk Boulevard on the east and the City limits on the west. Waterbury is home to the Waterbury Garden and Merrill Middle School. The neighborhood has approximately 940 residential structures, of which approximately 2.5% are in below normal or poor condition. The neighborhood is home to approximately 1,500 residents. The association aims to enhance the quality of life in the area and neighboring communities by maintaining the aesthetic appearance and promoting the historical nature and significance of the neighborhood.

The primary concerns of the neighborhood are related to its infrastructure. Many of the streets, curbs and sidewalks are in need of repair. The neighborhood has also identified the declining state of the trees in the neighborhood as a major concern.

The neighborhood is a good match for the NRP. Following in the footsteps of Greenwood Historic neighborhood, Waterbury should be a relative straight forward plan that addresses infrastructure, housing and land use issues because many of the special projects have already been completed such as the Waterbury Garden and the extension of the Walnut Creek Trail into the neighborhood. The neighborhood has clearly demonstrated that it has the capacity to undertake a successful planning and implementation process through the eagerness it has demonstrated throughout the neighborhood selection process and the successful completion of several complicated projects such as the Waterbury Garden and the Holiday Home Tour.

Other Neighborhoods

Each of the eight neighborhoods has done an excellent job throughout the selection process. The time and effort that the neighborhoods put into their applications and presentations is appreciated. Hopefully all of the neighborhoods found the process to be valuable, and those neighborhoods not selected are encouraged all to reapply for the program next time.

Valley High Manor

The primary concern with Valley High Manor is the small size of the neighborhood and the neighborhood association. According to data supplied by the neighborhood in the application, there are only 12-14 members of the neighborhood association. While we do not doubt the sincerity or abilities of those members, there are just not enough people in the organization to be a viable partner with the City. Additionally, the neighborhood is a part of the City's NBSD program, which can help to address many of the concerns identified in the application. The neighborhood is currently eligible for the NFC's expanded lending program, and the neighborhood association should work with the NFC to increase awareness of the program in the neighborhood.

Salisbury Oaks

Salisbury Oaks is a good match for the NRP, but at this time, there are only resources available to do one stable neighborhood, and the Waterbury neighborhood appears to be more ready to begin the planning and implementation process at this juncture. There is no doubt that there are infrastructure concerns in the Salisbury Oaks neighborhood. The City has been working with the neighborhood for the last several years to address these concerns, and if the neighborhood is not satisfied with how these concerns have been addressed, they should continue to work with the Public Works Department. The neighborhood should also work directly with the Parks and Recreation Department to address their concerns regarding access to Greenwood Park.

Westwood

There is concern regarding the capacity of the Westwood Neighborhood Association at this time, as it has reorganized within the last year after a period of inactivity. While the NRP would be beneficial to the neighborhood, the timing is not right, and Westwood is encouraged to strengthen its organization and apply again for consideration at the next available opportunity.

Other Considerations

Several overarching issues have been identified that will need to be addressed upon completion of the neighborhood selection process.

NFC Lending Policies

An issue that has recently emerged that the NFC must always be cognizant of is the amount of loans that are eligible for Community Reinvestment Act (CRA) credit. To receive CRA credit, the loan must be either made to a low or moderate income buyer or be in a low or moderate income Census tract. The eligibility for CRA credit is important for the NFC because it is the NFC's investor banks' motivation for investing in the NFC. Without the banks' continued investment in NFC, NFC would not be able to make loans in support of the City's and County's revitalization agendas. The NFC needs to continually address this issue, while simultaneously promoting its neighborhood revitalization agenda.

The NFC intends to create a lending policy that would apply to each of the newly selected neighborhoods that is consistent with both its CRA needs and neighborhood revitalization agenda, as well as to those policies in existing neighborhoods in the NFC lending area. City and NFC staff will spend the next several months crafting these policies based on housing conditions, income levels and other pertinent factors. The large size of the newly selected neighborhoods may also be a factor in the determination of the lending policies, as there is

potential to overrun the NFC's funding capacity per the 28E agreement, the source of funding for NFC rehabilitation and closing cost/down payment subsidies.

NFC staff believes that it may be necessary to modify the lending policy in neighborhoods currently served that are not low-to-moderate income to focus more on property conditions, and to be consistent with the lending policies that will be developed for the newly Designated Neighborhoods. Therefore, staff believes modifications to the NFC lending policy are warranted, most immediately affecting Waveland Park, due to the fact that Waveland Park will not be evaluated and moved to Charter status until three to four years from now.

NFC acknowledges that it needs to better market its program in low- to moderate-income neighborhoods. Accordingly, the NFC has indicated a desire to extend both Fairground and Gray's Woods time in the NRP as Designated Neighborhoods. Both neighborhoods have not seen the penetration of NFC loan programs that other neighborhoods have experienced. NFC would like an opportunity to try some new products, and better market the NFC program in those neighborhoods. This will require a separate NRB and Council action, possibly later in the summer.

Charter Neighborhoods

Both the Wisconsin Partnership for Housing Development's 2005 evaluation of the NRP and the Neighborhood Revitalization Program Steering Committee have identified that the City needs to find a better way to address the ongoing needs of the Charter neighborhoods. This is an issue that will need to be addressed in the near future by staff, the Neighborhood Revitalization Board and elected officials.

Pilot Areas

The Wisconsin Partnership's evaluation also indicated that the City has not been as successful in revitalizing distressed neighborhoods and recommended that a new approach to these neighborhoods needs to be created that marries the current NRP with its focus on land use, housing and infrastructure with supportive service delivery. The creation of this pilot area concept will require substantial time and resources of a variety of agencies to develop.

Staggering of Neighborhoods

The selection of five neighborhoods at one time for the Neighborhood Revitalization Program will require that the neighborhood planning process for each neighborhood be staggered to match available resources. Tentatively, staff recommends that the planning process begin in September for Waterbury and South Park, followed by Merle Hay, Drake and Douglas Acres as the initial plans are completed.

Staffing

The recommended action is based on the assumption that there are two full time Assistant Planners and one Senior Planner position in the Community Development Department's Neighborhood Planning Division. Currently, one of the Assistant Planner positions is vacant and subject to review under the limited hiring freeze. If this position is not filled, the implementation and timing of this recommendation will need to be modified. It is anticipated that there would be no work done on the development of the pilot area concept or the development of strategies for any Charter neighborhoods in decline, and it is expected that it would require additional time before the last three neighborhood plans (Douglas Acres, Drake and Merle Hay) could be initiated. Upon completion of the Waterbury and South Park plans, the City Manager will reassess the staffing and resource availability to determine which of the remaining neighborhoods is most appropriate to begin the planning process.

PREVIOUS COUNCIL ACTION(S):

Date: March 13, 2006

Roll Call Action: 06-479

Action: [Resolution](#) approving recommendations from the Neighborhood Revitalization Program Evaluation Steering Committee to restart the Neighborhood Revitalization Program and to begin research on the creation of a Comprehensive Affordable Housing Policy. Moved by Coleman to adopt. Motion Carried 5-2.

BOARD/COMMISSION ACTION(S):

Date: June 7, 2006

Roll Call Action: N/A

Action: Neighborhood Revitalization Board recommendation to designate Waterbury, Drake, South Park, Douglas Acres and Merle Hay to participate in the Neighborhood Revitalization Program with the City providing an implementation plan for neighborhood order and Neighborhood Finance Corporation to be approved and effective by September 1, 2006. A Communication from the Neighborhood Revitalization Board is included with this Council action.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

As plans are completed, they will be presented to the City Council for approval. At the time of approval, the specifics of each plan will be known, and a better idea of the financial commitments will be available.