



Council Communication

Office of the City Manager

Date

August 7, 2006

Agenda Item No. 22
Roll Call No. 06-
Communication No. 06-507
Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Set date of public hearing for the Amended Forest Avenue Urban Renewal Plan and refer to Urban Design Review Board and Plan and Zoning Commission.

SYNOPSIS:

Refer the Amended Forest Avenue Urban Renewal Plan to the Urban Design Review Board and the Plan and Zoning Commission and set date of public hearing for September 11, 2006.

FISCAL IMPACT:

Amount: \$1.45 million

Funding Source: FY 2006-07 Operating Budget, Community Development Block Grants (CDBG) (SP020 CDD049900), page 351.

- \$1 million for the rehabilitation of single-family homes and for the acquisition of scattered vacant lots within the King Irving Neighborhood
- \$450,000 for the acquisition/relocation, demolition, environmental cleanup, and redevelopment of the 2200 Block of Forest Avenue (north side)

ADDITIONAL INFORMATION:

Introduction

On October 24, 2005 City Council approved the Forest Avenue Urban Renewal Plan. During the public hearing there were several residents who were in opposition to the plan and spoke against the involuntary acquisition of property. Since then City staff has been considering ways to amend the plan in order to be sensitive to the dissenting opinions of those residents, but at the same time work to correct issues identified by the neighborhoods in the *King Irving Neighborhood Plan* and the *Forest Avenue Corridor Strategy*.

Forest Avenue Planning Efforts

Over the past four years a variety of residents and organizations have been working with Council members and City staff on strategies to improve housing conditions and increase neighborhood services within the King Irving, Mondamin Presidential, Carpenter, Drake and Drake Park Neighborhoods. One strategy is the development and adoption of an Urban Renewal Plan. The *King Irving Neighborhood Action Plan*, adopted by Council in December 2003, included a goal of an Urban Renewal Plan for the purpose of acquiring vacant land and poor condition property to be redeveloped as housing. The *Forest*

Avenue Corridor Strategy also included the strategy of an Urban Renewal Plan to rehabilitate properties in poor condition and redevelop underutilized land for additional affordable housing opportunities.

The King Irving Neighborhood has a large number of vacant lots scattered throughout the area. The Urban Renewal Plan will allow for the acquisition of these lots for redevelopment of affordable, single-family housing to return rooftops back to the neighborhood. In addition, there are a few homes in very poor condition in the King Irving Neighborhood that are negatively impacting existing homes in good condition and newly constructed homes that have been built in the past few years. The proposed amendment calls for these homes to be rehabilitated at the consent of the property owner.

The 2200 block of Forest Avenue was identified by the Forest Avenue Corridor Planning Committee as the most suitable site for redevelopment along Forest Avenue. This area was selected for having two vacant commercial structures, as well as a vacant house that sustained extensive fire damage this past winter and has since been deemed a public nuisance. The property at 2201 Forest Avenue is a vacant service station that is listed by the Polk County Assessor as being in "Very Poor" condition. In addition, this property also contains severe petroleum contamination in the soil due to leaking underground storage tanks that once occupied the site.

The environmental consulting firm, Barker Lemar, conducted a Tier 2 report for 2201 Forest Avenue in order to assess the extent of the contamination. This report was filed with the DNR in January 2006. The Tier 2 report concluded that the site is a "high risk" site. This determination was made by conducting soil samples at various locations on and around the property. These soil samples indicated that the contamination plume is primarily contained within the site, but that a small area has encroached into the right-of-way, compromising a PVC water pipe. Until corrective action is taken to replace the affected portion of water pipe, the site will continue to be considered "high risk." The current property owner, SBS, acquired the property through the Tax Sale Certificate Process and, therefore, is considered to be an "innocent landowner" since the contamination occurred prior to taking ownership. As an "innocent landowner," SBS has no obligation to follow through with any corrective action.

A market analysis of the Forest Avenue Corridor conducted by the consulting firm Economic Research Associates recommended that the site would be best utilized for low to medium density housing. The Forest Avenue Urban Renewal Plan will allow acquisition of 2201 Forest Avenue and adjacent property to proceed with environmental clean up of the site prior to redevelopment as multi-family housing.

CDBG Allocations for Forest Avenue Revitalization Efforts

There have been allocations of Community Development Block Grant dollars for the rehabilitation and acquisition of property identified in the Amended Urban Renewal Plan. The estimate for the acquisition, relocation, and demolition of the 1.4-acre site between 22nd and 23rd Streets on the north side of Forest Avenue is approximately \$750,000. In 2004, the City Council allocated \$300,000 for acquisition of blighted property along the Forest Avenue Corridor. In 2005, the City Council allocated an additional \$150,000 for acquisition. An additional request of \$300,000 of CDBG funds will be made this fall.

Since 2002, approximately one million dollars of CDBG funds have also been allocated that can be used for rehabilitation of owner-occupied homes, the acquisition of vacant lots and subsidy for new construction within the King Irving Neighborhood. In addition, staff has been aggressive about identifying and requesting vacant ground in the Urban Renewal Area that can be acquired through the Tax Sale Certificate process. New construction is already transforming portions of the King Irving

Neighborhood. Non-profit and for-profit housing groups have worked with the City's Infill housing program to construct or begin construction on over two dozen single family homes within King Irving.

Urban Renewal Plan Amendments

The amended Urban Renewal Plan is intended to assist in improving property conditions and overall quality of life within the area, provide additional housing opportunities for low- and moderate-income families, and address environmental contamination in the 2200 block of Forest Avenue. The primary goals and objectives of the proposed Amended Forest Avenue Urban Renewal Plan are:

- Revitalize vacant or abandoned structures along the Forest Avenue and 13th Street corridors.
- Improve property conditions within the area by working with property owners who are willing to rehabilitate their property while adhering to applicable state and federal regulations.
- Address the "high risk" environmental contamination present in the 2200 block of Forest Avenue and then redevelop the site for multi-family housing.
- Continue to purchase vacant lots in order to construct new, affordable infill housing.

In order to achieve these goals and objectives, the amended plan has strengthened the rehabilitation component to improve housing conditions in the neighborhood. Any rehabilitation efforts will be on a voluntary basis with the property owner's consent. This would be accomplished in accordance with federal rules and regulations that dictate lead based paint abatement, income guidelines, and relocation provisions provided when using of CDBG funds for housing rehabilitation.

Prior to any rehab work being initiated the home would be inspected to determine the level of rehabilitation necessary and if rehabilitation is even feasible. Income eligible residents would be offered rehabilitation assistance up to 150% of the after rehab appraised value of their property. In the event that of a substantial rehabilitation project prohibits the occupants from remaining in the house, it may be necessary to relocate those occupants to temporary housing until the rehab work is completed. All applicable relocation rules and regulations will be followed for this relocation. If it is determined that a property is not feasible to rehabilitate, the property owner would have the option to stay in the home. If the owner chooses, the City will work with him or her to voluntarily acquire the home and relocate the owner according to established acquisition and relocation practices.

The proposed amended Urban Renewal Plan provides that eminent domain will not be used to acquire occupied structures east of M. L. King, Jr. Parkway in the King Irving portion of the area. If necessary eminent domain may be used east of M. L. King, Jr. Parkway to acquire only vacant lots or abandoned structures. Condemnation may also be utilized as a last resort in the 2200 block of Forest Avenue to acquire property necessary to address the environmental contamination issues and to assemble the surrounding property for redevelopment.

PREVIOUS COUNCIL ACTION(S):

Date: October 24, 2005

Roll Call Number: 05-2582

Action: Report and recommendation from the Plan and Zoning Commission, finding the proposed plan to be in substantial conformance with the Des Moines 2020 Community Character Land Use Plan. Moved by Vlassis to receive and file. Motion Carried 6-1. Nays: Brooks.

Date: October 24, 2005

Roll Call Number: 05-2583

Action: Resolution of Necessity finding the Urban Renewal Area to be a blighted area. Moved by Vlassis to adopt. Motion Carried 6-1. Nays: Brooks.

Date: October 24, 2005

Roll Call Number: 05-2584

Action: Resolution closing hearing and approving the proposed Urban Renewal Plan. ([Council Communication No. 05-601](#)) Moved by Vlassis to adopt. Motion Carried 6-1. Nays: Brooks.

BOARD/COMMISSION ACTION(S):

Date: October 6, 2005

Board/ Commission: Plan and Zoning Commission

Action: Found the proposed Forest Avenue Urban Renewal Plan in conformance with the *Des Moines' 2020 Community Character Plan*

Date: September 20, 2005

Board/ Commission: Urban Design Review Board

Action: Recommended approval of the proposed Forest Avenue Urban Renewal Plan

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Upon approval of the Amended Forest Avenue Urban Renewal Plan, additional Council approval will be necessary before the City can purchase property.