



Council Communication

Office of the City Manager

Date

September 11, 2006

Agenda Item No. 61
Roll Call No. ~~06-~~
Communication No. 06-580
Submitted by: Larry Hulse, Community
Development Director

AGENDA HEADING:

Approval of the Amended Forest Avenue Urban Renewal Plan.

SYNOPSIS:

Recommend approval of the Amended Forest Avenue Urban Renewal Plan. The City of Des Moines Plan & Zoning Commission has determined that the Amended Forest Avenue Urban Renewal Plan is in conformance with the 2020 Community Character Plan. The Urban Design Review Board has also recommended approval of the Amended Forest Avenue Urban Renewal Plan.

FISCAL IMPACT:

Total: \$1.45 million

- \$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). An additional request of \$300,000

Amount: Community Development Block Grant (CDBG). An additional request of \$300,000 of CDBG funds will be made this fall.

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, 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 called for the adoption of an Urban Renewal Plan in order to rehabilitate properties in poor condition, redevelop underutilized land, and cleanup environmentally contaminated property for 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, which will return rooftops back to the neighborhood. In addition, there are a few homes in 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 with 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 (ERA) indicated the site is no longer suited for commercial use due to its proximity with University Avenue commercial areas. ERA recommends 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 (CDBG) 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 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 Polk County Tax Sale Certificate process. New construction is already transforming portions of the King Irving Neighborhood. Both nonprofit and private developers have worked with the City's New Construction Program to construct or begin construction on over two dozen single-family homes within King Irving.

Public Input Meetings

Since the plan was originally adopted last October, City staff has held several meetings with the public while developing the Amended Forest Avenue Urban Renewal Plan. Staff met with the King Irving Neighborhood Association, the Drake Neighborhood Association, the Drake Neighborhood Improvement Task Force, the Amazing Grace Church leaders and congregation, as well as individual meetings and telephone conversations with several area residents. In addition, staff sent out a letter to all property owners (approximately 680) within the Urban Renewal Area notifying them of the plan amendment process. Staff received several telephone calls following this letter going out, which also generated valuable insight. The public input staff received at these meetings and during these conversations was instrumental in developing the Amended Plan.

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 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 done on a voluntary basis with the property owner's consent. This will be accomplished in accordance with all applicable federal regulations that dictate lead based paint abatement, income guidelines, and relocation provisions when using CDBG funds for housing rehabilitation.

Prior to any rehabilitation work being initiated, the home will 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-rehabilitation appraised value of their property. In the event that 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 work is completed. All applicable relocation rules and regulations will be followed in this event. If it is determined that a property is not economically feasible to rehabilitate, the property owner would have the option to stay in the home or, if the owner chooses, the City will work to voluntarily acquire the home. Then the homeowner would be relocated 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 MLK, Jr. Parkway in the King Irving portion of the plan. If necessary, eminent domain may be used east of MLK, 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 a multi-family residential redevelopment project.

PREVIOUS COUNCIL ACTION(S):

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.

Date: August 23, 2004

Roll Call Number: 04-1786

Action: Approval of Forest Avenue Corridor Strategy. Moved by Brooks to adopt. Motion Carried 6-1. Absent: Hensley.

Date: December 22, 2003

Roll Call Number: 03-2900

Action: Approval of King Irving Neighborhood Plan and adopting the plan as an amendment to the Des Moines 2020 Community Character Plan. ([Council Communication No. 03-612](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: September 5, 2006

Board/ Commission: Urban Design Review Board

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

Date: September 7, 2006

Board/ Commission: Plan and Zoning Commission

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

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*

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Upon approval of the Amended Forest Avenue Urban Renewal Plan, additional Council approval will be necessary for the City to finalize the purchase of private property. City Council approval will also be required this winter to finalize the allocation of CDBG funds for the acquisition/relocation, demolition, environmental cleanup, and redevelopment of the 2200 Block of Forest Avenue (north side).