

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: July 25, 2011
	Agenda Item No. 28 Roll Call No. <u>11-1291</u> Communication No. <u>11-479</u> Submitted by: Phillip Delafield, Community Development Director

AGENDA HEADING:

Resolution to approve the Neighborhood Stabilization Program 3 (NSP3) contract and other related supporting documents with the Iowa Department of Economic Development (IDED).

SYNOPSIS:

Recommend approval of the NSP3 contract with IDED for Neighborhood Stabilization funds. The City was awarded \$1 million in NSP3 funds from IDED. The City’s NSP3 plan calls for utilizing the \$1 million to assist with the implementation of the Drake Neighborhood Plan, the redevelopment of the Southern Meadows Apartments and to redevelop other strategic properties throughout the City. Included with this action are an updated Residential Anti-displacement and Relocation Assistance Plan (RARAP) and a policy banning Excessive Force, as required by IDED.

FISCAL IMPACT:

Amount: \$1,000,000

Funding Source: Iowa Department of Economic Development; no matching City funds are required.

ADDITIONAL INFORMATION:

The City of Des Moines was awarded \$1,000,000 in NSP3 funds to further the mission of neighborhood revitalization. The City is utilizing existing relationships with non-profit housing providers to implement the NSP3 plan. Additional for and non-profit developers can submit properties for inclusion in the program, as long as they are registered with the City’s Neighborhood Conservation Services Division. Properties will be selected on a first-come, first-serve basis.

Section 519 of the Department of Veteran Affairs and U.S. Department of Housing and Urban Development, and Independent Agencies Appropriations Act of 1990 requires that all CDBG and NSP recipients adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within the recipient’s jurisdiction against any individuals engaged in non-violent civil rights demonstrations.

The funds will be used to assist with the implementation of the following activities:

Identified Activities:

Drake Neighborhood Plan Implementation—The City’s Community Development Department and

the Drake Neighborhood Association recently completed the Drake Neighborhood Plan. One of the major objectives of this plan is to enhance the neighborhood housing stock. The application utilizes NSP funds to assist with the implementation of this plan.

To date, staff has identified several properties in the Drake Neighborhood that could become candidates for this program. At least three of these properties are former Critelli properties in the eastern section of the neighborhood. Greater Des Moines Habitat for Humanity has acquired two properties in the northeast section of the Drake Neighborhood that will be rehabilitated using NSP3 funds. At this time, staff anticipates approximately \$300,000-\$400,000 of NSP3 funds will be used in the Drake Neighborhood, depending on project availability.

Redevelopment of the Southern Meadows Apartments—Southern Meadows was a blighted 34 unit apartment complex on the south side of Des Moines. The City has used \$1.3 million of NSP1 funds to acquire the land, demolish the existing buildings and to prepare a redevelopment plan for the site. NSP3 funds will be used to assist with the infrastructure upgrades necessary to redevelop the site. Staff is currently working with the State Historic Preservation Office to finalize an agreement to allow for the demolition of the existing structure. The current redevelopment plan is to develop approximately 34 row house units on the site. Once the redevelopment plan is completed, staff will work toward rezoning the site and disposing of the property. Staff anticipates that approximately \$400,000 of NSP3 funds will be used to assist with infrastructure improvements needed to redevelop on the site.

Citywide Program—The City is requesting \$250,000 for a citywide program to enhance other revitalization activities. This program will focus on strategic properties in Distressed Neighborhoods.

Potential Activities:

Restricted Funds—IDED and Housing and Urban Development (HUD) regulations require that 25% of NSP funds assist individuals and families who earn less than 50% area median income (AMI). The City will utilize existing relationships with Greater Des Moines Habitat for Humanity (owner-occupied housing), Community Housing Initiative (CHI) and Anawim Housing (rental housing) to assist with the implementation of this portion of the program.

The City must approve all properties prior to any improvements being made to the property. Projects that will significantly alter the exterior of a property require consultation with the impacted neighborhood association prior to commencing work on the project. This includes new construction, demolition and major rehabilitation projects.

Single-Family Acquisition Rehabilitation—this activity allows a developer to acquire a single-family home for the purpose of rehabilitating the property and reselling it to an eligible owner-occupant. Properties must meet eligibility requirements and all properties must be sold to an income eligible end buyer. The developer is responsible for financing the acquisition of the property.

The City will provide a subsidy in the amount of the Development Gap between the total development cost and the after rehabilitation appraised value of the property.

Multi-family (Conversion) Acquisition Rehabilitation—acquisition/rehabilitation of multi-family structures is permitted in this program. Both built-as multi-family structures and conversions of single-family homes are eligible to receive financing. All properties must adhere to the standards in the City's Investor-Owner Rehabilitation Program. Subsidy amounts will be determined on a case-by-case basis, after examining a pro-forma and subsidy need. The City requires developers to find vacant multi-family properties as the City will not be paying to relocate residents.

Downsizing—the City will provide subsidies for developers who wish to acquire property and reduce the number of units in the structure. Single family homes that were converted to multi-units will be prioritized in this program. A developer does not have to reduce the density of a property to single-family in order to qualify for this subsidy. The subsidy amount will be determined on a case-by-case basis.

Demolition of Blighted Properties—the City will fund the demolition of blighted properties. Only properties that would qualify as a public nuisance, under Sec. 60-301 of the City’s Municipal Code, are eligible for demolition funding. If a property is demolished, any subsequent redevelopment of the site must meet the affordability guidelines of the funding source.

Single-Family New Construction—the construction of new, owner-occupied homes on vacant lots is an eligible use of funding. New homes should be built in an architectural style that is similar to the surrounding neighborhood.

This action also approves several supporting documents that allow the City to begin signing NSP3 contracts. IDED and HUD require NSP3 recipients have an updated RARAP and policy banning Excessive Force. The City has approved a RARAP and Excessive Force policy as a part of the Consolidated Plan. However, because of the unique program requirements of the NSP3, the City must approve a program-specific RARAP and Excessive Force policies.

PREVIOUS COUNCIL ACTION(S):

Date: April 11, 2011

Roll Call Number: 11-596

Action: Submission of an application to Iowa Department of Economic Development for Neighborhood Stabilization Program 3 Funds to provide assistance redeveloping abandoned and foreclosed homes. (Council Communication No. 11-216) Moved by Hensley to adopt. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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