

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b> November 21, 2011
	<b>Agenda Item No.</b> 21 <b>Roll Call No.</b> [ _____ ] <b>Communication No.</b> <u>11-700</u> <b>Submitted by:</b> Phillip Delafield, Community Development Director

**AGENDA HEADING:**

Resolution to designate three new neighborhoods to be included in the City's Neighborhood Revitalization Program: Grays Lake, Lower Beaver, and Martin Luther King Jr. Park.

**SYNOPSIS:**

Recommend approving the NRB’s recommendation to select Grays Lake, Lower Beaver, and Martin Luther King Jr. Park (MLK Park) as Designated neighborhoods in the Neighborhood Revitalization Program. Staff recommends staggering the start dates for each planning process to accommodate available resources, beginning with Lower Beaver in early 2012, followed by Grays Lake in mid-2012, and MLK Park in early-2013. Staff anticipates opening another round of neighborhood selection in mid-2014.

Staff recommends providing limited technical assistance to several of the other neighborhoods that applied, as follows. Sheridan Gardens - open NFC lending to the entire neighborhood beginning in 2012 and for a period not to exceed two years. Southwestern Hills and Valley High Manor - staff will attempt to connect each neighborhood with resources to help them address specific issues on their own and provide guidance for moving forward.

**FISCAL IMPACT: NONE**

Amount: N/A

Funding Source: N/A

**ADDITIONAL INFORMATION:**

Over the past several months, City staff has been engaged in a process to select new neighborhoods for the Neighborhood Revitalization Program (NRP). On July 11, 2011, a letter was sent to all eligible Recognized Neighborhoods inviting them to apply for the NRP. Interested neighborhoods were required to attend a pre-application workshop on either July 23<sup>rd</sup> or 26<sup>th</sup> to indicate their interest and become familiar with the application requirements. Applicants answered questions about issues and opportunities in their neighborhood as well as neighborhood association capacity, and existing and potential partnerships. In addition, neighborhoods were asked to demonstrate community support by obtaining petition signatures and/or letters of support from area stakeholders. Seven neighborhoods submitted applications for consideration, including: Gray’s Lake, Historic East Village, Martin Luther King Jr. Park, Lower Beaver, Sheridan Gardens, Southwestern Hills, and Valley High Manor.

A committee made up of Neighborhood Development staff, Neighborhood Revitalization Board (NRB) members, and staff from the Neighborhood Finance Corporation (NFC) and Neighborhood Development Corporation (NDC) undertook an extensive review process. In addition to the information provided in the application packages and neighborhood association presentations, staff toured all seven applicant neighborhoods on September 20<sup>th</sup> and 23<sup>rd</sup> in order to get a sense of the conditions and issues identified. Additionally, staff compiled maps, demographic profiles, street infrastructure ratings, an inventory of land use classifications, and housing data to assist in the evaluation of each neighborhood. The committee considered all of this information along with comments from other City departments regarding available resources.

The staff recommendation is based on several factors, including: level of need and match with available resources (including staff capacity), the ability demonstrated by the neighborhood association to take on a leadership role and take ownership of the process, and level of support from neighborhood residents and stakeholders. In addition, the policies that guide the NRP advise that the program include a mix of stable, transitional and distressed neighborhoods. This allows us to maximize limited resources by balancing the level of need and ensures that all neighborhoods receive proper assistance to be vibrant and desirable places to live. With implementation of the Drake Plan currently underway, the City has a limited ability to take on new neighborhoods with significant housing needs. Finally, the addition of the Charter Neighborhood Pilot Program further limits the staff time available. Therefore, staff recommends selecting one stable, one transitional and one distressed neighborhood to be designated at this time: Lower Beaver, Gray's Lake, and Martin Luther King Jr. Park. In addition, staff recommends opening NFC lending to the entire Sheridan Gardens neighborhood, for a period of time not to exceed two years.

While it is beyond our ability to create a neighborhood plan for all of the applicants at this time, staff will attempt to provide limited technical assistance to other neighborhoods that applied or connect them with the appropriate resources to resolve specific issues. Please see the sections below for individual neighborhood recommendations.

### **Anticipated Timeline**

In order to balance workload and use of other resources, staff recommends staggering the beginning of the planning process for each neighborhood. Staff anticipates beginning planning work with Lower Beaver in early 2012 and Gray's Lake in mid-2012. Staff will likely begin prep work with Martin Luther King Jr. Park in mid-2012, with the planning process beginning in early 2013.

Staff anticipates the next round of neighborhood selection will take place in mid-2014.

## **DESIGNATED NEIGHBORHOODS**

### **Gray's Lake**

The Gray's Lake neighborhood is located centrally within the city limits, just south of downtown. The neighborhood is bounded by the Raccoon River to the north, Watrous Ave to the south, Fleur Drive to the west, and SW 9<sup>th</sup> to the east. Gray's Lake and the surrounding park are located in the north end of the neighborhood. According to the 2010 Census, the neighborhood has 3,110 residents living in 1,449 households. The median household income of \$53,062 is slightly above the city-wide average of \$47,096. The neighborhood's housing stock is classified as transitional positive, with 95.8% of the housing classified as Normal, Above Normal, or Very Good. The average assessed value per square foot is \$96, as compared to the city-wide average of \$95 per square foot.

The Gray's Lake Neighborhood Association (GLNA) is a relatively new group, having only been recognized by the City in June of 2008. However, the group appears to be motivated and the neighborhood is currently riding a wave of momentum. Gray's Lake was just recently named one of the American Planning Association's 2011 Great Public Spaces. The GLNA has recently worked with the Parks and Recreation Department to plan for a trail connection to Gray's Lake, then independently raised \$40,000 and lobbied for an additional \$440,000 from the Iowa Transportation Commission, which they were granted, to fund the project. The GLNA application package and presentation were of high quality and bode well for the ability of the association to successfully undertake the planning and implementation required as part of the NRP.

GLNA has identified several priorities that align well with the NRP process. Although the housing stock is not in bad shape, as indicated in the housing indicators and by staff's visual survey, it is in need of some restoration and modernizing of systems and could utilize the funds available through NFC lending, which the neighborhood is currently not eligible for. Infrastructure concerns may also be addressed through the planning process.

Gray's Lake has also been targeted by other agencies in their future planning efforts. DART identified SW 9<sup>th</sup> as a potential corridor for enhanced service in the future in their 2035 plan. This provides an opportunity to look at and plan for future land use along the corridor. The Parks & Recreation Department also identified the neighborhood as aligning well with their work program. The trail connection to Gray's Lake is a priority project and improvements to McRae Park are currently budgeted.

Staff finds that the needs of the neighborhood align well with the resources available and recommends that the Gray's Lake neighborhood become a Designated neighborhood. Staff is concerned about the capacity of a relatively new neighborhood association to organize a diverse group of neighborhood stakeholder to engage in the planning process. It is currently anticipated that planning in the neighborhood will not begin until mid-2012. Between now and then, staff will be encouraging the neighborhood to expand membership and increase organizational capacity.

### **Martin Luther King Jr. Park**

Martin Luther King Jr. Park (MLK Park) is an urban core neighborhood located north-east of downtown. It is bounded on the north by Washington Avenue, on the south by I-235, on the west by E. 14<sup>th</sup> Street, and on the east by the railroad tracks. 2,584 people live in MLK Park, in 1,045 households. The median household income is \$32,024, below the Des Moines average of \$47,096.

The housing stock is classified as distressed, with 18% of homes listed in Below Normal, Poor, or Very Poor condition. The average assessed value per square foot is \$73, significantly lower than the city-wide value of \$95 per square foot. MLK Park also has a higher rate of foreclosures than the city as a whole, with 8.6% of properties foreclosed, compared to 5.5% for Des Moines. The neighborhood also fares below city averages in market place measures, scoring significantly lower than the city in percent of residences with less than 850 square feet, percent of residences with 1 bathroom or less, and percent of residences with 2 bedrooms or less.

The neighborhood is one of the more diverse in Des Moines, with almost 70% of the population classified as non-white, including 41% black and 11% Asian. Over 25% of the population is identified as Hispanic. Over 20% of the population speaks a language other than English at home. The population is also relatively young, with 30% of the residents 18 or younger.

The MLK Park Neighborhood Association identified many issues to address as part of the NRP process, such as repairs to street and sidewalk infrastructure, building capacity and a sense of community, and

housing repairs and renovations. Staff finds that the issues identified by Association align well with the resources available as part of the NRP. There is also opportunity to leverage resources that may become available in this area through the Capitol Crossroads Urban Core implementation committee.

Additionally, several city departments, including Parks, have previously invested significant time and money into the neighborhood. Staff is confident that elevating the neighborhood to Designated status and working with the residents to plan for the future of their neighborhood will protect and build on recent investment.

While the neighborhood is a good fit for NRP, staff is concerned with the capacity of the Neighborhood Association and its ability to represent the entire neighborhood's needs. The neighborhood seems to have a core group of dedicated residents but lacks a depth of membership and partnership to take on the planning and implementation that NRP requires. Staff would also like to see a wider cross section of this young and diverse neighborhood actively involved in the planning process.

Staff recommends that Martin Luther King Jr. Park become a Designated neighborhood. Staff also proposes that there be a six to nine month pre-planning period during which the neighborhood, in conjunction with staff, will focus on building capacity and leadership within the organization and forming partnerships with neighborhood stakeholders interested in participating in the planning and implementation process. This effort should focus on developing a strategy to include the different ethnic groups into the process and identifying and reaching out to leaders from the various groups. Care should be taken to identify and develop leadership from across the neighborhood, through training and other methods. Staff recommends that the Association board members and other identified leaders enroll in the Neighborhood Leadership Certificate Program offered through Rebuilding Together to enhance their leadership skills.

### **Lower Beaver**

The Lower Beaver neighborhood is located in the far northwest part of Des Moines. Its boundaries are the city limits to the north, Douglas Avenue to the south, Beaver Avenue to the west, and the Des Moines River to the east. According to the 2010 Census, there are 6,192 people living in the neighborhood in 2,735 households. The neighborhood median income is \$56,004, above the Des Moines median income of \$47,096. The housing stock is stable, with 98.9% of the housing in Excellent, Very Good, Above Normal, or Normal condition. The average assessed value per square foot for the neighborhood is \$113, as compared to \$95 per square foot for the city as a whole.

The Lower Beaver Neighborhood Association (LBNA) has been a Recognized neighborhood since July of 2000. The primary concerns of the neighborhood are related to infrastructure (particularly sidewalks), aging housing stock in need of basic repairs/updates, some vacant and foreclosed homes, bike lane and trail connection improvements, and rental properties. These priorities align well with the NRP process and the limited resources that are available. Lower Beaver is not currently eligible for NFC lending. The programs offered by the NFC could assist those who qualify with home improvements. NRP funding will help to address the infrastructure needs.

The LBNA has shown that they are a motivated and enthusiastic group that is ready to be involved in the planning process. They have already established a working relationship with the Tai Dam village, as well as some of their neighboring businesses. The LBNA application package and presentation were well done and reflect the motivation and capacity of the neighborhood association to successfully complete the planning and implementation required as part of the NRP. Staff finds that the needs of the neighborhood align well with the resources available and recommends that Lower Beaver become a Designated neighborhood.

## **SPECIAL ASSISTANCE**

### **Sheridan Gardens**

Sheridan Gardens is located in the northeast portion of the city, with the city limits delineating part of its eastern boundary. The boundaries are Hubbell Avenue to the north, Easton Boulevard to the south, E. 33<sup>rd</sup> Street to the west, and approximately E. 42<sup>nd</sup> and E. 44<sup>th</sup> Streets to the east. The neighborhood has 6,694 residents living in 2,642 households. The median income for Sheridan Gardens is \$51,704, slightly higher than the city-wide median income of \$47,096. The housing stock is classified as transitional positive, with 95.9% of the housing listed in Excellent, Very Good, Above Normal, or Normal condition. The average assessed value per square foot for the neighborhood is \$106, above the \$95 average city-wide.

Sheridan Gardens submitted a strong application with significant community support, and staff applauds their efforts and enthusiasm. The issues and opportunities they identified are well within the scope of the Neighborhood Revitalization Program. The top two priorities cited were access to NFC lending and infrastructure improvements. Compared to the other applicant neighborhoods, the infrastructure in Sheridan Gardens is in better shape, with only 4.1% of streets rated in poor condition. Based on staff's assessment, the housing stock would be a good candidate for NFC lending. A portion of the neighborhood is already eligible. In addition, the neighborhood will be impacted by the upcoming flood buyouts and many of these homeowners may be looking for new homes in the same area. Because of the limited planning resources available, staff does not recommend selecting Sheridan Gardens at this time. However, in order to address one of the neighborhood's priorities and assist those affected by the flood buyouts, staff does recommend opening NFC lending to the entire Sheridan Gardens neighborhood beginning in 2012, for a period not to exceed two years.

## **ADDITIONAL CONSIDERATIONS**

### **NFC Lending Policies**

The Neighborhood Finance Corporation (NFC) is an important partner in the Neighborhood Revitalization Program. NFC lending is available in low/moderate income census tracts at all times. Access to NFC lending is granted to neighborhoods that do not have low or moderate income census tracts through the Designation process. Typically, these neighborhoods maintain that access until they are graduated to Charter status. For this round of selection, neighborhoods that will become eligible for NFC lending include Lower Beaver and Gray's Lake. Martin Luther King Jr. Park is already an eligible neighborhood. In addition, staff recommends that the NFC open lending to the entire Sheridan Gardens neighborhood starting in 2012 and for a period not to exceed two years, even though Sheridan Gardens will not be designated at this time.

An issue 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 because it is the motivation for banks to invest in the NFC. Without the banks' continued investment, NFC would not be able to make loans in support of the City's and County's revitalization agendas. The NFC needs to continually balance this issue with neighborhood revitalization goals.

The NFC may adjust its lending policy for each of the newly selected neighborhoods to ensure it 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.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S):**

Board: Neighborhood Revitalization Board

Date: November 2, 2011

Resolution Number: N/A

Action: Approved staff recommendation to select Grays Lake, Lower Beaver, and Martin Luther King Jr. Park as Designated neighborhoods in the Neighborhood Revitalization Program, and to recommend opening NFC lending to Sheridan Gardens beginning in 2012 for a period not to exceed two years.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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