A New Strategy for a New Time

An Evaluation and Recommendations for the Future of the Des Moines Neighborhood Revitalization Program

Prepared for the City of Des Moines

Wisconsin Partnership for Housing Development

A Joint Venture with Stockard Engler Brigham LLC

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Executive Summary
A New Strategy for a New Time

Fifteen years ago, Stockard & Engler (S&E) and the Wisconsin Partnership saw the need for a citywide strategy for neighborhood revitalization in Des Moines—a framework for more effective use of limited resources and for building neighborhood strength and capacity. Previously, the city government (the City) had used federal, state and local resources across the city without an effective strategy to build neighborhood confidence and stimulate positive neighborhood change. We proposed that the City concentrate its investments in a smaller number of neighborhoods for more impact, and target investments within the neighborhoods to respond to problems that had the most negative effect on neighborhood confidence. We also proposed that the neighborhoods themselves play crucial roles in the strategy—that targeted investments focus on “what the neighborhoods felt was most important to their future well-being.”

We still believe that targeted investments for maximum impact make sense. Over the past 15 years, a large number of neighborhoods have participated in the Neighborhood Revitalization Program created after the S&E report. The program has been popular and successful in relation to its original objectives. In some ways, the City has become the victim of its own success. Neighborhoods are now a recognized and effective part of the political landscape, but as the voice and strength of neighborhood associations has grown, it is also clear that in some neighborhoods the association is not representative of the full range of neighborhood residents, particularly more recently arrived immigrant populations. What began as a program to target limited resources smartly and strategically has spread to too many neighborhoods and too many opportunities. Now, instead of generating unrealistic expectations, the City must find ways to rein in the targets of opportunity.

There is clear evidence that across the city, neighborhoods are in better physical and economic condition. Detailed documentation of that improvement is beyond the scope of this report. The City needs to capitalize on the opportunity to better document and tell the story of what has been accomplished over the last 15 years.

However, improvement in conditions has not been realized for all neighborhoods and all residents. Des Moines in 2005 has more lower-income residents than it had 15 years ago. The gap between middle income and lower income is also greater. The success of revitalization in some neighborhoods has created new pressures on residents with less money, including older home owners facing higher property taxes. Residents from other countries and cultures can make valuable contributions to the community, but they have not become involved in the neighborhood planning and development process successfully enough to capitalize on the assets they represent.
While neighborhood planning became an important part of City government in Des Moines, strategic targeting of funds became more difficult. Fewer financial resources are available from all levels of government. While pressure mounts on available resources, the gap increases between neighborhood expectation and government capacity to perform. Limitations in public funds have reduced staff capacity to support neighborhood planning and program implementation across the city. While the program has grown in scope, the City staff has endeavored to meet expanding needs, taking on roles not initially anticipated

Des Moines needs a new strategy for a different time. Applying limited resources more wisely requires a focus on the most pressing needs of the city and its residents—reversing the decline in household income and purchasing power, and improving prospects for households that have had fewer opportunities for economic advancement. A new approach should view population diversity as an opportunity rather than a source of negative neighborhood effects, such as abandonment of housing units. A new approach means working hard to preserve existing affordable housing units and to create new rental and owner-occupied housing—housing that offers affordable, quality choices to consumers and increases property values in neighborhoods.

The existing Neighborhood Revitalization Program is effective because participants at the staff level cooperate and work well together. The new strategy calls on City and County policymakers to join other stakeholders—the public sector, the business community, nonprofit organizations and residents—around the same table to address the needs of the poorest, most troubled neighborhoods. The Steering Committee needs to exercise leadership to make that happen.

The remainder of this report expands on the issues suggested above. The key recommendations, also detailed in the body of the report, are as follows:

- Expand the concept of “revitalization” to include investing in people as well as investing in housing and infrastructure.
- Establish a new Des Moines Housing and Neighborhood Partnership, focused initially on bringing together the full complement of stakeholders needed to address problems in the city’s most troubled neighborhoods.
- Select one or more pilot projects in the distressed neighborhoods to plan and implement the expanded concept of revitalization.
- Adopt a comprehensive housing policy embracing issues such as the preservation of affordable housing and the process of dealing with abandoned buildings.
• Rethink the role of City staff and the structure of the Neighborhood Revitalization Program to reflect current realities of resource limitations and to acknowledge more clearly the need for different approaches to working with different types of neighborhoods.

• Expand and strengthen the role of the Neighborhood Finance Corporation to include lending and equity investment for development projects, maintaining its role in transitional neighborhoods but making it a key player in distressed neighborhoods as well.

• Invest in neighborhood commercial areas using a market-based “niche” strategy that builds on Des Moines’ unique character.

• Strengthen efforts to develop broader-based neighborhood leadership and participation in all neighborhoods, recognizing the important potential contributions to be made by newer immigrant populations.
I. Introduction

In January 2005, the City of Des Moines issued a Request for Proposals (RFP) for an evaluation of the Neighborhood Revitalization Program designed in 1990 by Stockard & Engler, in collaboration with the Wisconsin Partnership for Housing Development, Inc. The two firms were retained by the City to conduct the evaluation.

The RFP described the evaluation as a three-phased process, with a cost established for each phase. That was intended to allow both the City and the consultants the discretion to determine whether consultant work on the project should continue beyond Phase One. Phase One was intended to rely heavily on the professional judgment of the consultants about neighborhood revitalization, rather than on analysis of data. It would consist of the consultants’ assessment of the City’s program as of 2004, and recommendations for any mid-course corrections. City staff were to provide coordination and data for the consultants.

Phase Two was intended to consist of more detailed, specific proposals or strategies to implement the recommendations from Phase One. Phase Three was intended to propose plans for implementing the recommended strategies.

This is the final report on Phase One of the project. The consultants met in Des Moines for three days (April 18-20, 2005) of observation with a wide range of stakeholders in the program. City staff provided background data on the program and coordinated meetings with stakeholders. Following the first visit, the consultants prepared an interim report, which was reviewed in a second series of meetings (June 27-29, 2005) with stakeholders. Comments provided by stakeholders were extremely helpful. However, the recommendations in this report are the sole responsibility of the consultants.

Some comments by stakeholders suggested that statistical information documenting the impact of the program be included in the report. We agree that such information would be very helpful as part of a more comprehensive evaluation and for future planning. However, collecting and analyzing such information is outside of the scope of Phase One of the project.

The City’s RFP identified key issues to be explored by the consultants’ work. Consideration of all of those issues is reflected in the analysis and recommendations in this report. The responses below provide a summary of our findings with respect to some of the questions.

- Are the recommendations from the original S&E report still valid? What has not worked or not been done from the original recommendations of the S&E report?

  The City’s commitment to sustained implementation of a comprehensive revitalization strategy, and the demonstrated general improvement in conditions
across its neighborhoods, demonstrates the validity of the basic approach. The original S&E report identified four different types of neighborhoods. However, the program proposed did not sufficiently differentiate among those types in either the planning process, the timetable for program implementation or the subsequent allocation of funds. Also, while the report acknowledged the importance of addressing social and economic issues, especially in the distressed neighborhoods, the defined structure of the program was limited to investments in housing and infrastructure.

- What significant changes have occurred in Polk County over the last 13 years that impact neighborhood revitalization?

The most striking change is that while conditions have improved overall for the city’s neighborhoods and their residents, not all neighborhoods have moved in a positive direction. Some neighborhoods have declined over this period, and increased constraints on public spending are a new reality. These are the key factors behind our recommendations for a program strategy that more clearly differentiates between the differing circumstances of different types of neighborhoods.

- Are the structures and organizations the City utilizes to promote neighborhood revitalization successful? (These structures and organizations include the Neighborhood Revitalization Board, the Neighborhood Finance Corporation, the Neighborhood Development Corporation, the Neighborhood Infrastructure Rehabilitation Program, Neighborhood Planning, Neighborhood Based Service Delivery and neighborhood organizations.) The City Manager has instituted an award-winning enforcement and community policing program that is addressing neighborhood problems. How should this initiative be connected to the Neighborhood Revitalization Program?

The recommendations in this report focus on needed adjustments to the overall structure of the program rather than on fundamental changes or the creation of additional entities. We discuss more completely the redefined role for the NFC and the need for redefinition of the roles and responsibilities of City staff. The composition of the NRB could change as a result of the proposed change in approach to working in the most distressed neighborhoods, to reflect the range of stakeholder interests that need to come together to direct a comprehensive approach to working in those areas. The NBSD system, a demonstrated success, certainly should be part of the implementation strategy for distressed neighborhoods, as well as transitional neighborhoods. Finally, the report discusses the need for an approach to building neighborhood capacity that is less focused on the role of the neighborhood associations.
• **What strategies should be used to revitalize neighborhood commercial areas?**

Interested neighborhood and business associations have funded planning efforts, and elected officials are interested in supporting those initiatives, but there are limited resources for these activities.

We agree that the vitality of neighborhood commercial areas is important to the competitive attractiveness of neighborhoods in the housing market, and to meeting the needs of neighborhood residents. Stakeholders observed that the prospects for neighborhood commercial districts are part of the metropolitan market for retail, office and other commercial facilities, and that identifying a “niche” for neighborhood commercial areas is important. Our central recommendation is that commercial area revitalization needs to focus on sound market analysis and marketing strategies, but our expertise does not include more detailed planning and implementation of neighborhood commercial area revitalization.

• **Are there citywide issues that affect neighborhoods, such as abandoned housing, that should be addressed?**

The issue of housing abandonment should be addressed as part of a comprehensive housing strategy, which we believe is an essential complement to the Neighborhood Revitalization Program. Housing abandonment and other citywide housing issues are discussed more fully in the “Program Components” section of this report.

• **Local lenders’ business practices have become more liberal due to Community Reinvestment Act regulations, and there has also been an emergence of lending programs that focus on underwriting for high-risk home owners, but not on providing money for renovation. How does this impact neighborhood revitalization?**

We are concerned about the emergence of mortgage loan products that we believe represent higher risks for home buyers and the neighborhoods in which they live. The objective of increasing the rate of home ownership should not be pursued at the expense of long-term financial stability for home buyers and neighborhood stability. Home purchase financing for lower-income home buyers—and for other home buyers—must acknowledge the need for improvements to make the homes a good investment. Mortgage loan underwriting must not assume that home buyers whose financial resources are stretched simply to make payments on the purchase mortgage will somehow find the money to make repairs and improvements after purchase. The NFC should not adopt more liberal underwriting standards if those standards create higher risks.
• The city’s neighborhood organizations, like so many other civic groups, struggle in their efforts to attract volunteers. It is even more challenging to develop new leadership to replace some of the veteran leaders who have been the advocates for the neighborhood movement. Is the capacity of neighborhood organizations adequate to continue the current model of neighborhood revitalization? Are neighborhoods developing new leadership to replace some of the veteran leaders who have been the advocates for the neighborhood movement?

• Over the last 15 years the neighborhood revitalization effort has been a positive experience for the Des Moines community, but the effort has relied heavily on City staff for professional planning resources and coordination of the overall program. In these times of fewer resources, how can this program be sustained?

These two issues are closely related. Broadening the leadership base and building greater capacity so that neighborhoods themselves can assume a larger share of the responsibility for planning and implementation of initiatives that strengthen neighborhoods is critical to maintaining the momentum achieved by the Neighborhood Revitalization Program. It is also critical to dealing with the reality of more limited staff resources, competing demands on staff time and skills, and the need for an increased investment of staff resources as part of the intensified focus on distressed neighborhoods. The current City staff role in the program is not sustainable, but we believe the solution is a different model rather than more City staff. The scope of our work has not allowed detailed analysis of the capacity of individual neighborhood organizations, but we certainly heard widespread recognition from stakeholders of the importance of the issue.

• How have changes in both the elected leadership and the priorities of local government affected the Neighborhood Revitalization Program?

Our work does not address this question directly, but what we heard during our initial reconnaissance suggests a continuing question of how to efficiently connect both the policymaking and the programmatic functions of the City and the County governments. We were certainly encouraged to find a continuing commitment to the goals of the Neighborhood Revitalization Program on the part of both the City and the County, as well as an interest at both levels in integrating a more comprehensive housing policy with neighborhood revitalization. Since the County is the primary governmental resource for services to lower-income families and individuals, it is essential that the County be a participant in the proposed stakeholder partnership for working in distressed neighborhoods.
II. Findings – What We Heard

Under our contract with the City, our first trip to Des Moines was intended to enable us to develop an understanding of the evolution of the Neighborhood Revitalization Program since 1990 and to understand the perspectives of stakeholders in the program on its evolution. A second series of meetings was planned to enable us to discuss with stakeholders some alternatives that could improve the effectiveness of the program. A third series of meetings was planned to enable us to present preliminary recommendations and discuss the recommendations with program stakeholders. The contract called for a preliminary written report as the basis for the discussions during the third series of meetings, and a final written report following the third series of meetings.

After the first visit to Des Moines, we presented our initial findings and conclusions, as well as some initial ideas about aspects of the program that might make it more effective. Those initial findings, conclusions and ideas about possible changes were presented in the form of a matrix, which allowed us to organize and analyze the various facets of a highly complex program.

After we presented our findings and conclusions in preparation for the second visit, the City asked that we accelerate the preparation of recommendations for possible changes in the program, and that we prepare an interim written report with recommendations at that point rather than after the third visit. The interim report was shared with stakeholders during the second visit.

The matrix reviewed with stakeholders during our second visit to Des Moines appears at the end of this report. There were many comments from stakeholders on issues presented in the matrix and the rest of the interim report. Our responses to comments and suggestions from stakeholders are incorporated in the “Recommendations” section of this report. So that readers will understand the starting point for the recommendations we present in this report, a summary is presented below of the key findings, conclusions and ideas about possible changes in the program that are described in the matrix. The full matrix is appended to this report.

- The Neighborhood Revitalization Program has worked well for many neighborhoods in Des Moines. In some ways, it may have worked too well—by raising expectations beyond the ability of the City to meet them.

- The Neighborhood Finance Corporation is one of the Neighborhood Revitalization Program’s most visible successes. There are opportunities to expand its impact, but the viability of its core lending operations must be protected.
The Neighborhood Based Service Delivery program is an effective complement to the Neighborhood Revitalization Program. It should be expanded in geographic coverage and the scope of services provided—if the City can afford it—but it must also be effectively coordinated with other elements of neighborhood revitalization.

Des Moines has attracted some higher-income residents, but overall the city has become poorer and more ethnically diverse in the 15 years since the Neighborhood Revitalization Program was initiated. That increases the importance of addressing the problems in poorer neighborhoods.

A successful strategy to improve the poorest neighborhoods requires effectively combining the housing and infrastructure focus of the Neighborhood Revitalization Program with human services initiatives such as the Human Services Planning Alliance, Project Destiny and the Casey Foundation’s “Making Connections” program.

The 15-year emphasis on home ownership in the Neighborhood Revitalization Program has strengthened that part of the City’s housing stock, but more effort is needed to make affordable rental housing an asset for Des Moines’ neighborhoods and families.

The Neighborhood Revitalization Program must be complemented by an effective housing policy that builds on the strengths of the City, the County, nonprofit housing developers and the for-profit real estate industry. The public housing disposition program should maintain the affordability of the housing, and the proceeds of sales should be reinvested in affordable housing.

Neighborhood commercial districts—which often cut across the boundaries of designated neighborhoods—must be strengthened. The creative efforts of the Neighborhood Development Corporation to build on ethnic diversity as an asset, and—in order to use market-based strategic planning as the focus of commercial district revitalization—must be expanded.

The City has fewer financial resources to invest in neighborhood revitalization than it had 15 years ago, and those resources have to be invested more strategically.

The success of the Neighborhood Revitalization Program has stretched the capacity of the City’s Community Development Staff. That resource also must be invested more strategically.
- Leadership resources at the neighborhood level need to be expanded so that neighborhoods themselves can take on more of the responsibility of revitalization and keeping stronger neighborhoods strong.

- More limited resources and growing needs also argue for better integration and coordination of public resources that are available. The consolidation of separate City and County programs for weatherization is an important first step. The City and the County should continue to look for ways to improve the efficiency and effectiveness of public services through joint efforts.

- Public support for a broader consolidation of City and County programs and services has been limited. However, that should not be understood to mean that voters want inefficiency, uncoordinated services or higher costs. It means that those who propose changes have to work harder to make their case.
III. Recommendations

A. Organizational Structure

Our first challenge is to describe the “organizational structure” for the new strategy, because the right answer may not be an “organization” or a “structure.”

The City, the County, and the private sector—the business community, nonprofit organizations and foundations—and neighborhood residents and businesses must work together to make Des Moines neighborhoods as strong as they can be. Some elements of the partnership are already in place and working well, and we can build on them.

The City of Des Moines currently manages the Neighborhood Revitalization Program, working closely with neighborhood organizations and the Neighborhood Revitalization Board. The Neighborhood Finance Corporation is a key element of the program, and the NFC is a working partnership of the City, the County and private lenders. Polk County funds and manages the Housing Trust Fund. Nonprofit housing developers work closely with the City to plan projects, and work with both the City and the County to finance them.

The City’s Neighborhood Based Service Delivery system is an important complement to the Neighborhood Revitalization Program. It is widely perceived as effective, and it represents a partnership between two City agencies that had not previously collaborated on efforts with a neighborhood focus. Equally important, the program reflects the City’s understanding that the health of neighborhoods relies on investment in more than buildings and infrastructure. In a sense, NBSD is a pioneering effort in integrating physical and supportive services focused on the needs of people, one on which others can build.

The Greater Des Moines Partnership’s Project Destiny is an important new initiative that has strong support from the business community for its core priority, the work of the Human Services Planning Alliance. Project Destiny is working to streamline and reinvent local government, with a long-term goal of more unified public service provision. The initiative to create “Circles of Support” has provided opportunities for individual members of the community to make a personal commitment to helping improve the lives of individuals and families. That concept should be part of the new partnership.

The Annie E. Casey Foundation, at the half-way point in its ten-year “Making Connections” project in Des Moines, is a valuable asset. Casey needs to be receptive to opportunities to strengthen the link between its work with poor families and children, and the neighborhoods where those families live, the City, the County, and social services providers.
The timing is right for all of these actors to come together in a redefined partnership to support a new comprehensive strategy for investing in the city’s neighborhoods, especially those that have not shared in the improvements of the past 15 years.

Fifteen years ago, the core of the approach to neighborhood revitalization we recommended was to instill confidence in residents and property owners that their neighborhoods had a positive future. Investments in improved housing and infrastructure could help build confidence, and financing could enable individual home buyers and home owners to undertake new investments.

That original strategy still makes sense for stable and transitional neighborhoods. The partners involved in carrying out that strategy in those neighborhoods work well together. However, we see a need to bring together a broader set of stakeholders to address physical, social and economic issues in the poorest and most troubled neighborhoods in the city. This new partnership needs to identify effective ways to improve the ability of families and individuals to earn enough to pay for good quality housing. The new approach must provide greater economic opportunity for low-income people and their families, making it possible for them to acquire skills for full participation in the life of the community and overcome barriers to inclusion. The strategy for the poorest and most troubled neighborhoods must acknowledge the value of contributions from all segments of the community, regardless of income, race or ethnicity. A neighborhood is not “revitalized” unless the quality of life improves for all of its residents.

The opportunity we see to implement the partnership concept described here lies with a new approach to working in the city’s most troubled areas—the neighborhood type identified as “distressed.” It is in these parts of the city that the greatest need exists to bring together a broad array of stakeholders concerned with all aspects of neighborhood betterment—physical, economic and social. This new partnership is needed to oversee planning and implementation for the target areas in those distressed neighborhoods. What emerges from that planning process may well not have a primary focus on housing. Instead, the most immediate work might involve a push for a new “center for working families” or a school or commercial activity. That plan will be strategic, not comprehensive; it will address what the stakeholders identify as the most critical things to work on to begin to bring the area back.

Taking on the challenge of revitalizing the poorest and most troubled neighborhoods is a bold step, and we acknowledge that fact. Many communities focus most or all of their effort on strengthening neighborhoods with relatively fewer problems and needs, on the logic that limited resources can go farther in those neighborhoods. We do not believe that is a misguided choice, or that we can underestimate the magnitude of the challenge of poorer neighborhoods. We are not proposing that Des Moines make a choice between one or the other approach, but rather that Des Moines do some of both.

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We would not necessarily recommend that course of action in every community. But Des Moines has demonstrated the persistence and creativity to take on challenges that other communities have not been able to confront successfully. Everything isn’t perfect in Des Moines. But those who can do more should do more. We believe Des Moines can meet the challenge and do it well.

We do not believe that Des Moines can or will change the social and economic prospects for families and individuals in those neighborhoods all at once, or quickly. It will take time, and it can’t be done everywhere at once. But the fact that it can’t be done everywhere doesn’t mean that it shouldn’t be done anywhere. We need to start somewhere. That is what this report proposes—a pilot project in one or two areas within the poorest and most troubled neighborhoods to design and test strategies that invest in people as well as investing in housing and infrastructure. The size of the target areas needs to match the resources available.

Making the new partnership work, not just taking on the problems of the poorest and most troubled neighborhoods, will be a challenge. Any partnership takes a lot of work. In this case, people from the world of economic development and social services—a complex world by itself—and people from the world of physical planning, housing and finance will need to talk with one another, make plans together and carry them out together.

We are not proposing the creation of another new organization in Des Moines focused on neighborhood revitalization—whether it would replace some existing organizations, stand alongside them or be an “umbrella” over them. Key stakeholders with whom we discussed the concept during our second visit to Des Moines stressed that people already have many commitments, and don’t need another set of meetings to attend. It isn’t important for the partnership that plans and carries out the pilot project to have a name, or an office, or staff. We sometimes say that a partnership can be thought of as a table, and that if the right combination of people agree to sit around the table and work with one another, the partnership will be effective. Taking that analogy one step further, it’s not even essential that there literally be a table around which people meet. The essence of a partnership is people understanding that they need to work together, and then doing it. It’s an attitude in people’s minds. That kind of partnership can happen in the same rooms where people already meet, and it may be accomplished by bringing together some groups that now work separately.

The key issue is leadership. The Steering Committee has to decide what kind of coordination and communication needs to happen, and how it can happen. Making the new partnership work may be the responsibility of the Steering Committee itself—perhaps an enlarged Steering Committee—with staff support. It may be a new priority of the Greater Des Moines Partnership. It may be a priority for the new City Manager. Only people in Des Moines can decide what will work best, and then make it work. We need to be flexible about the structure of the partnership, but we
need to acknowledge that changing the future for the poorest and most troubled neighborhoods can only be accomplished through a new partnership.

B. Neighborhood Types

The S&E report in 1989 identified four types of neighborhoods—stable, transitional improving, transitional declining, and distressed. Des Moines still has those four kinds of neighborhoods, and each has real needs that must be addressed if the city as a whole is to stay strong. However, there is a need to differentiate both the neighborhood planning process and the allocation of resources appropriate for the different neighborhood types.

The current program of working with neighborhoods to develop plans that identify investments that will make the neighborhoods more attractive to both current and prospective residents and businesses should continue. The mix of public and private investments, in both planning and implementation of plans, however, should be based on available resources and the relative needs of different neighborhoods.

We believe the next 15 years of the neighborhood revitalization effort in Des Moines should be based on four simple principles:

- Target resources, because some parts of the city have not experienced the improvements characteristic of the city as a whole and continue to reflect significant constraints to an improved quality of life.
- Invest wisely in transitional neighborhoods so that positive trends are reinforced and negative trends are reversed.
- Offer a full range of housing options—including good quality, well-managed, affordable rental housing—to people in most or all neighborhoods.
- Recognize that all neighborhoods are important to the overall health of the city.

1. Stable Neighborhoods

Stable neighborhoods require investments of time and capital to maintain their strength and viability. However, in the context of a new way of employing limited resources, more of that investment effort needs to come from neighborhood residents and businesses, or from consultants largely paid with private funds.

The neighborhood planning process should be mostly self-reliant. City support should be in the form of technical assistance rather than a lead role in the preparation of neighborhood plans, with the possibility of limited matching funds for preparation of neighborhood plans, depending on availability of resources.
Neighborhood plans should meet City guidelines to be eligible for incorporation in the City’s comprehensive plan. The City should consider requiring that neighborhood plans include provisions for some affordable housing.

In stable neighborhoods, neighborhood associations should take the lead in neighborhood planning and plan implementation. To ensure adequate representation of all neighborhood interests, the City may need to set standards for the composition of neighborhood associations as a condition of eligibility for any City funding outside of the City’s regular capital budget.

2. **Transitional Improving and Transitional Declining Neighborhoods**

There are important differences between the two types of transitional neighborhoods, but the differences should be in programs and investments, not in the neighborhood planning process. There should be more City staff support for neighborhood planning than in stable neighborhoods, or more financial assistance from other sources as an alternative to City staff time. Maintaining the competitive process for designation may be appropriate, since transitional neighborhoods will be eligible for more financial assistance than stable neighborhoods. Consideration should be given to broadening the scope of neighborhood plans to include more than land use, housing and infrastructure. The City should consider requiring that neighborhood plans include provisions for some affordable housing.

As in stable neighborhoods, neighborhood associations should take the lead in neighborhood planning and plan implementation. Also as in stable neighborhoods, to ensure adequate representation of all neighborhood interests, the City may need to set standards for composition of neighborhood associations as a condition of eligibility for City funding or NFC lending activity. However, transitional neighborhoods should be more closely linked to the neighborhood capacity-building program described under “Program Components.”

Transitional neighborhoods should be the primary focus of the Neighborhood Finance Corporation’s lending activity using current loan products, and of the Neighborhood Based Service Delivery program. The NFC should continue making loans to home owners and home buyers in transitional neighborhoods. The availability of grants as part of the financing package will depend on available resources balanced against total needs. The City’s Neighborhood Revitalization Program may be able to continue making targeted public investments in a limited number of transitional neighborhoods, employing public and “public interest” private capital.

3. **Distressed Neighborhoods**

There is a particular need to change the way of working in the poorest, most troubled neighborhoods. Those neighborhoods should receive a larger share of
available resources than other neighborhoods. More City staff time will be focused on planning and problem-solving for those neighborhoods, and stronger connections with providers of supportive services will be necessary. More of the necessary capital for investments in physical improvements will be public or private funds invested to produce social returns, rather than private capital invested to capture financial returns. The neighborhoods will require sustained investment over a longer period of time.

As noted in the preceding section of this report, we propose a pilot project in one or two areas within the poorest and most troubled neighborhoods to design and test strategies that invest in people as well as investing in housing and infrastructure. A more detailed discussion of the pilot project is included in the following section.

C. The Neighborhood Planning Process and the Role of City Staff

1. Context

A consistent theme of this report is that the changes needed for a clearly successful program involve adjustments and “course corrections,” and not a radical departure from the structure that has evolved over the last 15 years. The purpose of this section is to suggest what those adjustments should be at the center of process that has made the program successful—the City staff responsible for coordinating the implementation of the neighborhood revitalization process.

Our observations are derived from what we have heard and observed during our two site visits. We have not made a detailed assessment of the staff and its performance, nor have we looked at the program budget and whether it is appropriate. What we can comment on are the implications of the changes and expanded responsibilities of the staff as the program has developed over the past 15 years.

Different neighborhoods require different timetables. The initial concept for the process was that all neighborhoods participating would go through a similar planning process, and all those neighborhoods selected would be actively involved for a similar three-year time period. Experience has shown this approach to be unconnected to the fact that different neighborhoods have different types and degrees of problems. Three years may be a realistic timeframe for a neighborhood in stable condition and with a clearly defined core project area, but for the more troubled areas the basic fact is that the process must be ongoing. The City recognized these realities over time and “graduated” some neighborhoods while keeping others involved for a longer period. The continuing reality, however, is that it is unrealistic to set a short schedule for working in the most troubled parts of the city.

One plan type doesn’t fit all. The planning format adopted for developing the neighborhood plans was driven by the intent of making plans that could be formally
adopted as part of the City’s Comprehensive Plan. As a way of giving importance and some degree of permanence to the plans, this made sense. The result has been plans that focus heavily on physical improvements—housing, infrastructure and key community facilities. Again this approach makes sense for the more stable neighborhoods, but it is less valuable in situations where the social and economic issues may rank right up with the physical problems. The need for different types of plans for different neighborhoods has implications for the skills needed to prepare and oversee the implementation of those plans.

How the City works with neighborhoods may change over time, but it doesn’t end. As the program’s success has grown, so too has the range of demands on City staff. What began as a more or less familiar neighborhood planning process has now grown to include the need for continuing technical assistance tailored to the different needs of different types of neighborhoods, both during and after their formal participation in the program; assistance in community organizing and neighborhood capacity building; and the increased importance and complexity of connecting with the growing number of other entities—private, nonprofit and public—whose participation is critical to the continuing success of the program. At one level a capable generalist planner has the ability to address many of these issues, but the complexity of the issues in the more distressed areas may require people with greater expertise in some of the disciplines involved. City staff may not be able to continue providing all these services, nor should that necessarily be expected.

Here as much as anywhere the program’s success creates challenges for the future. Experience has shown the need for all of the activities mentioned above. What is needed now is to figure out how to keep them going, and within that, to decide on the appropriate role for City staff.

What seems most appropriate is to move away from a single approach for all neighborhoods and instead to develop a “menu of services” that may be needed for a particular neighborhood or type of neighborhood. The City might carry the primary responsibility for managing the process, but City staff would not be the only resource involved in actually providing any given service. The table on the following page is intended to illustrate this idea, without attempting to be a detailed blueprint for how the system should be developed.
## Program Activities by Neighborhood Type

<table>
<thead>
<tr>
<th></th>
<th>Stable</th>
<th>Trans Up</th>
<th>Trans Down</th>
<th>Distressed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning</strong></td>
<td>Matching funds</td>
<td>Competitive process continues</td>
<td></td>
<td>Select one or two pilot projects in most troubled areas</td>
</tr>
<tr>
<td><strong>Technical Assistance</strong></td>
<td>Limited</td>
<td>City assistance in preparing plans</td>
<td></td>
<td>Core part of program</td>
</tr>
<tr>
<td><strong>Neighborhood Capacity Building</strong></td>
<td>Encouraged</td>
<td>Required</td>
<td></td>
<td>Core part of program</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>10% of funds</td>
<td>25% of funds</td>
<td>40% of funds</td>
<td></td>
</tr>
<tr>
<td><strong>NFC</strong></td>
<td>Access limited to problem properties</td>
<td>Focus of lending activity</td>
<td></td>
<td>Separate program; greater emphasis on rental.</td>
</tr>
<tr>
<td><strong>Housing Development and Rehabilitation by Nonprofit and For-Profit Developers and Investors</strong></td>
<td>Focus on new home ownership opportunities, mainly through private sector activity. Some new, quality affordable rental housing would be desirable, but nonprofit developers should put higher priority on other neighborhoods.</td>
<td>Second highest priority for new housing development for both rental and home ownership by nonprofit developers, and for investment of public and private investments (e.g. Section 42 tax credits).</td>
<td>Highest priority for new housing development for both rental and home ownership by nonprofit developers, and for investment of public and private investments (e.g. Section 42 tax credits).</td>
<td></td>
</tr>
<tr>
<td><strong>Neighborhood Based Service Delivery</strong></td>
<td>Need general coordination with NBSD selection process</td>
<td></td>
<td>NBSD involvement is necessary</td>
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</tr>
</tbody>
</table>
2. Target Areas in Distressed Neighborhoods

The expanded focus on the distressed neighborhoods has implications for the allocation of City staff. However, we still see the primary role for City staff as one of building linkages between the core Neighborhood Revitalization Program and the non-city agencies and institutions currently responsible for delivery of supportive services for families and individuals. We say this because it is the County and numerous nonprofit agencies, not the City, that carry the primary responsibility for providing these service. However, the fact that the core responsibility in the public section rests with the County simply reinforces the need for a stronger stakeholder partnership, one including both levels of government, to mount the needed sustained approach to working in the more distressed areas.

In addition, the need for a sustained neighborhood capacity-building effort is well beyond the capacity of the present staff. As discussed in a subsequent section on this subject, success in these areas requires building a stronger network among the city’s neighborhoods and a strong connection to two important projects now in action—the Casey Foundation “Making Connections” project and the “Circles of Support” initiative.
D. Program Components

1. Working in Distressed Neighborhoods: A Pilot Project

The most visible exception to the overall success of the program lies within those parts of the city where conditions have not improved over the past 15 years, with indices such as income, housing condition and other social indicators showing increased problems. In the program to date we have learned that the complex interaction of factors in these areas cannot be solved within a few years. Indeed, the need is to acknowledge that the solutions lie in a sustained approach that is not bounded by artificial and unrealistic time limits.

We have also learned that trying to take on too much of the overall problem does not work. There simply are not enough resources to do the job. In one sense, however, this is looking at the problem too narrowly. We also know that many agencies and programs are working hard to solve the social and economic problems that accompany the physical problems in distressed neighborhoods. What has been missing is a conscious and deliberate structure that brings together the full range of agencies, institutions, neighborhood residents and leaders working to better both the physical environment and the lives of people. This is the core principle behind the formation of a stakeholder partnership to provide leadership and guidance for the pilot project concept that we recommend for working in the most troubled neighborhoods.

The pilot project concept is simple in its basic intent—to design and implement a comprehensive approach linking physical revitalization and supportive services delivery, at a scale that is realistic and manageable. The approach involves a process of strategic planning that seeks to identify the set of actions that can have the most catalytic impact on beginning to change conditions for the residents of such areas. The analysis must be comprehensive, but the decisions about what to do must be selective and strategic. The process of selecting the areas is well beyond the scope of this report; more important, it is a task that must be undertaken locally. What we can do is suggest some of the criteria that should be taken into consideration in deciding how many such projects there should be, and then where they should be.

We recommend that these basic decisions be undertaken by the City, working with the Steering Committee, as opposed to setting up a competitive process. The focus of energy should be on using the pilot projects to demonstrate the value of a comprehensive approach, rather than on deciding which particular location is the “best” place to be undertaking the work.
We suggest starting with what is perhaps an obvious assumption—that the locations selected should lie within the most troubled parts of the city, as documented by both demographic data and physical condition. Proceeding from that point, we present the following selection criteria to illustrate how target areas might be chosen.

- Target areas should be chosen from within census tracts in which more than half of the households are below 50% of area median income, and areas identified as the focus for Casey Foundation efforts.

- The area selected will not necessarily be a single neighborhood. The neighborhoods within which target areas are selected should be involved in planning investment activities, but because the problems affect more than individual neighborhoods, they will require a definition of boundaries different from the framework of the present neighborhood planning process.

- The needs, conditions and opportunities that should guide target area selection may not begin and end at recognized neighborhood boundaries.

- The scale is difficult to pinpoint. Several city blocks should be involved—an area large enough to embrace a range of physical, economic and social conditions, but an area of a size consistent with the resources that can be made available without jeopardizing other neighborhood revitalization activities. It should be large enough to engage the attention of service providers and other “systems” in place to create opportunities for greater economic independence for residents, and yet small enough to have as a goal engaging the participation of all residents and businesses residing in that area.

- The presence of key resources should be a factor. The opportunity to bring to the set of stakeholders a major educational, cultural or community institution could provide a major impetus to the process.

- The presence of vacant land available for development is another potential asset.

- Strong existing leadership is a possible asset, but one important purpose of the new strategy will be to identify and support neighborhood capacity and leadership that is presently not recognized.

- The presence of a neighborhood business area or commercial corridor may offer an opportunity to change the character and image of the area, while also presenting opportunities for jobs and economic development.
The condition of the housing stock is important, as well as opportunities for both home ownership and rental preservation and development.

Areas that are the focus of existing programs targeted to serve particular populations or to build the capacity of neighborhood residents to become more engaged represent another potential building block.

This list is the start of a process meant to stimulate discussion. The refinement of this list is an important task, but the goal should be to move as quickly as possible to identify one or more areas, and begin the process of engaging a full set of stakeholders in each location.

A new partnership of public and private stakeholders, including but not limited to neighborhood leadership, should take the lead role for planning in the target areas and for implementation of the plans. The plans may or may not have a primary focus on housing. The most critical elements of the plan may be a new "center for working families," or work with the schools, or initiatives focused on economic development and jobs. We suspect it will include housing improvements, even if they are not perceived as the central part of the plan.

The plan will be strategic, not comprehensive—it will address what stakeholders identify as the most critical actions to change the future for the neighborhood and the people who live in it, rather than everything that could be done in the neighborhood. In Chicago, for example, with the help of the Local Initiatives Support Corporation and the MacArthur Foundation, 16 neighborhoods have developed plans, each of which is different from the others because it responds to unique neighborhood needs and priorities.

Placing a higher priority on the poorest, most troubled neighborhoods will require a substantial commitment of resources—not all the resources that are available, but an amount sufficient to make the pilot project a realistic test of the new approach. The target areas should be the focus of an expanded role for the Neighborhood Finance Corporation, as described later in this section. Implementing the plans will require significant commitments of resources from a range of stakeholders. The City should commit a significant percentage of CDBG, HOME and public infrastructure funding, but will need to balance the needs of distressed neighborhoods with the needs of other neighborhoods. There should be significant resource commitments from other stakeholders as well, particularly in education, social services and economic development.

Housing may not be as dominant a focus of the plans for target areas in distressed neighborhoods as it has been in other neighborhood plans, but improving the quality and range of housing options will still be important. Stakeholders pointed out that the poorest, most troubled neighborhoods as measured by social and economic indicators are also likely to have the worst housing. They also pointed out that
investing in the poorest families—providing social services and economic development opportunities—is not likely to result in near-term improvements in housing. Making improvements or replacing that housing, given the low incomes of residents, will require substantial subsidies. If part of the strategy is to broaden the range of incomes in the neighborhoods by attracting people with a wider range of housing choices, subsidy may also be required to make the cost of housing more attractive. The strategy needs to invest in the long-range future of the neighborhoods, and that may have higher short-term costs.

Discussions with stakeholders during our second visit to Des Moines included the possibility that the Polk County Housing Trust Fund could consider targeting a significant part of its resources to the target areas in distressed neighborhoods. One suggested model would be for the Housing Trust Fund to issue a request for proposals for nonprofit developers, or joint ventures between nonprofit and for-profit developers, to undertake projects consistent with the strategic plan for the area. We believe that if earmarking some part of the Housing Trust Fund’s resources to the target areas is feasible, the Trust Fund needs to be directly involved in producing the plans as an integral part of the new partnership of stakeholders, rather than being expected to help implement them after the fact. The plans need to reflect the Housing Trust Fund’s priorities and the competing demands on its limited resources.

2. A Comprehensive Housing Policy

One of the clearest messages from those who reviewed our interim report was the need for a comprehensive housing policy to complement the neighborhood revitalization strategy. A comprehensive housing policy needs to combine the best thinking of the City and County governments. During stakeholder discussions of our interim report, mention was made of a County effort underway to develop a strategic plan for economic development and housing. Development of a comprehensive housing policy might build on that effort. A comprehensive housing policy should also be developed in consultation with nonprofit housing developers and the for-profit real estate industry.

Developing a comprehensive housing policy was not within the scope of our contract. However, because we had input from some of the community’s key leaders on housing needs and programs during our two visits to Des Moines to date, at least some of the key issues are clear. A comprehensive housing policy should include the following, which are discussed in more detail below:

- Disposition of existing City-owned public housing
- Encouraging quality affordable rental housing
- Dealing strategically with abandoned housing
- Consideration of a maintenance code for owner-occupied housing, to protect neighborhood property values and to prevent abandonment
- Post-purchase counseling and technical assistance for home buyers
- Capacity building and working capital for nonprofit developers
- Supporting the network of nonprofit housing agencies

Disposition of existing City-owned public housing

Our discussions with stakeholders during our two visits about the public housing disposition program focused on keeping the housing affordable and on the uses of the money that will be paid to purchase the housing from the City.

Affordable housing developers and advocates urge that the cost of keeping the housing affordable be realistically acknowledged. Debt and equity financing on the best possible terms, and subsidy funds to fill the gap left after debt and equity are used to their maximum potential, will both be needed. Lenders and investors will evaluate the financial condition and capability of nonprofit developers, and the cost of their capital will reflect their comfort level. Loan or equity guarantees may be needed. The cost of debt and equity financing and the amounts of subsidy required are directly interrelated.

Assuring that the housing will be an asset to the neighborhoods relies on making needed physical improvements, assuring quality property management and providing needed supportive services to residents. We agree with all of those observations.

During our second visit, affordable housing developers and advocates also expressed their belief that the funds used to purchase the housing should be treated as an “endowment” or trust fund to invest in expanding affordable rental housing options and to assure the quality of affordable rental housing. We noted that the recent sale of 145 units of former public housing to five nonprofit developers included a commitment of 75% of the sale proceeds to an Affordable Housing Endowment Fund, with the balance committed to physical improvements to existing housing.

Encouraging quality affordable rental housing

Many of the stakeholders with whom we talked during our two visits to Des Moines talked about the relationship between neighborhood revitalization, housing needs, home ownership and rental housing. The issues involved generate strong opinions and feelings.
We believe that quality owner-occupied and rental housing are both essential as housing options. Not everyone can be or wants to be a home owner. Rental housing needs to represent a good choice for people who want or need it. Rental housing should be of sufficient quality to be seen as an asset for any neighborhood. Some stakeholders point out that rental housing in good physical condition and managed well can be an even better option for both neighborhoods and residents of the housing than owner-occupied housing for people with incomes low enough that they may not be able to afford rising property taxes and maintenance even if they manage to buy a home. We agree.

Stakeholders with an interest in expanding the range of affordable housing options also acknowledge that convincing neighborhoods to be open to rental housing relies on assuring the quality of the housing. Achieving and maintaining high standards of physical quality and property management for rental housing cost money, and realistic costs have to be accounted for in project development and operating budgets. Some negative attitudes toward rental housing have been formed by shoddy conversions of older, large single-family homes to rooming houses. The concept of doing quality rehabilitation of vacant or under-occupied older apartment buildings so that poorer quality conversions would lose a captive market has been suggested.

Stakeholders also suggest benefiting from the experience of nonprofit housing developers in other cities, particularly with integrating support services with well-maintained and well-managed rental housing. The CommonBond Communities and the Family Housing Fund in the Twin Cities were cited as examples of such experience. We believe that those are all good ideas that should be part of the development of a comprehensive housing policy.

**Dealing strategically with abandoned housing**

The issue of abandoned buildings was a primary stimulus for the work we did 15 years ago. For many residents, abandoned buildings are the ultimate indicator of neighborhood decline. Because Des Moines has more homes than people who want to live in them, some types of housing units remain empty. The incomes of some people who live in the neighborhoods are so low that leaving buildings empty is easier than attempting to lease or sell. Some buildings are so old and deteriorated that leaving them empty makes more sense than investing in improvements. Abandoned buildings become a blighting influence on the neighborhoods, unless they are demolished, rehabilitated and sold, or rented. Buildings cannot stand empty simply because no one can figure out what else to do, or because there is not enough money for repair and rehabilitation.

Whether the number of abandoned buildings has increased or decreased in the past 15 years is currently a matter of perception. The essential first step is to collect good data. To devise a solution, and to convince the community that it is the proper
solution, Des Moines needs accurate information about the number, ownership and other characteristics of vacant buildings. We also believe that a better understanding of the “early warning signs” of potential abandonment would be very helpful. Carefully documenting the effectiveness of new strategies tested in the target areas to reduce housing abandonment will also be important.

Some stakeholders suggested that the current design of the tax-title program, through which investors who are not part of the Des Moines community can control property and may not have a strong interest in its physical condition, may aggravate the problem of housing abandonment. Others proposed that design of a new housing policy include consideration of a maintenance code for owner-occupied housing, to protect neighborhood property values and to prevent abandonment. There was discussion of state legislation to allow cities to move more quickly to acquire abandoned property, as has been adopted in Wisconsin.

We believe that all of those suggestions are good ideas for consideration. But important as the issue of housing abandonment is, we also believe that it needs to be considered within the context of a comprehensive housing policy rather than as an issue in isolation.

Post-purchase counseling and technical assistance for home buyers

The importance of post-purchase counseling and technical assistance for new home buyers is being increasingly recognized by nonprofit organizations and public agencies across the country. Some of the concern is stimulated by reports of disturbingly high rates of loss of homes through foreclosure by lower-income first-time home buyers, although organizations involved in efforts to increase home ownership recognized the need long before high foreclosure rates became a concern.

In Des Moines, the Community Housing Development Corporation (CHDC) has produced a manual for new home owners, which is a good tool. However, the CHDC also points out that ongoing technical assistance is needed because simply making written information available does not assure that it will be used. Technical assistance costs money. We believe that identifying resources to fund it should be part of work on a comprehensive housing policy. Des Moines has invested too much effort in increasing the level of home ownership, and making improvements in the quality of homes owned by people with limited incomes, to allow the investment to be jeopardized.

We also believe that identifying funding sources with self-interest in avoiding foreclosures should be part of the effort. Nationally, support for pre-purchase home ownership counseling has come from lenders responding to both the opportunity to expand their lending markets and the mandates of the Community Reinvestment Act. Secondary mortgage market agencies (such as Fannie Mae and Freddie Mac)
and private mortgage insurers have an interest in avoiding high rates of foreclosure. Legislation to redesign the regulatory structure for “government sponsored enterprises” may create some new opportunities for partnerships with the secondary market agencies.

**Capacity building and working capital for nonprofit developers**

The model of neighborhood revitalization we recommended 15 years ago was focused on building neighborhood confidence through investment in housing and infrastructure. Our original recommendations also included the importance of meeting the need for affordable housing, including rental housing, and improving the condition of housing that individual home owners were unlikely to buy and improve even with assistance and incentives. The implementation of our recommendations has placed a heavier emphasis on home ownership as part of a housing strategy. Home ownership unquestionably is important. But not every family or individual who needs and should have quality, affordable housing will own a home. Rental housing should be a good option for its residents and for the neighborhoods.

We believe that a strategy for neighborhood revitalization and a strategy for meeting the full range of housing needs must be brought back together. One essential part of making that work is to expand the role and strengthen the capacity of nonprofit developers. Nonprofit developers play a unique role in meeting affordable housing needs because of their mission and their willingness to take on more challenging projects. They also need to operate at a large enough scale to be efficient, viable and entrepreneurial businesses. And they need access to working capital so they can grow in size and effectiveness.

Fifteen years ago, we recommended creation of the Neighborhood Development Corporation because we saw a gap in nonprofit development capacity, not in terms of the quality of the work of other nonprofit developers but in the amount and range of housing they produced. The role of the NDC needs to be expanded, but other nonprofit developers are also important assets that need to be strengthened.

During discussions of our interim report, it was suggested that the Polk County Housing Trust Fund might provide funding for training and technical assistance to nonprofit housing developers. We think that possibility should be encouraged, but other available sources of support should also be used, and additional sources should be explored as part of the work on a housing policy.

We also believe that nonprofit housing developers can benefit from sharing their knowledge and experience. The informal Affordable Housing Partnership Alliance is a good first step. The possibility of a more formal structure to provide peer-to-peer management of the capacity-building effort should be explored.
3. The Neighborhood Finance Corporation

The Neighborhood Finance Corporation is one of the outstanding examples of the success of the strategy recommended 15 years ago. The work quality and the positive impact on housing and neighborhoods earn high marks from almost everyone. The only concerns we heard expressed, from people in the private for-profit real estate industry, were that the NFC’s underwriting standards are more conservative than some other lenders’ standards, and that the $10,000 grants available to home buyers as part of financing packages should also be accessible for developers who rehab and sell property to home owners.

We don’t agree that the NFC should apply “more aggressive” (i.e., riskier) underwriting standards. Encouraging people to purchase homes (so the home ownership rate rises and the market for rehabilitated properties increases) should not include placing buyers in homes they can’t afford and may eventually lose. The NFC should maintain reasonable underwriting standards and decisions, not adopt riskier standards even if they are being used by some segments of the conventional lending industry.

We do agree that the purpose of grant funds is to benefit lower-income home buyers. That could be accomplished by using grant funds as part of a financing package for rehabilitation of homes by for-profit developers for sale to lower-income home buyers, as well as financing provided directly to home buyers. The NFC will need to assure itself that the benefit of the grant funds is passed through to the home buyers rather than being used to increase the developers’ returns.

We agree that the NFC can and should do more. However, we think “more” involves a wider range of financing products, rather than simply more purchase-rehab loans to more home buyers in more neighborhoods.

One of the NFC’s major strengths is that it is financially self-supporting. The NFC uses funds from the City and the County as a loan-loss reserve and for grants to make rehabilitated housing an attractive, affordable alternative to buying newer homes outside the city. Since its business earnings cover operating costs, the NFC requires loan volume to remain financially sound. Home buyers and home owners seek access to the NFC because its financing is more attractive than conventional financing. The combination of the need for loan volume and the attractiveness of the NFC’s terms could influence the NFC to do business in viable neighborhoods where the need for current loan products isn’t as great, rather than designing and offering new financing arrangements in more financially challenged neighborhoods.

We believe that the NFC’s current loan products should be used primarily in transitional neighborhoods. However, we also believe that the access to NFC loans and grants should not necessarily be restricted to “designated” neighborhoods. The existing process of designating neighborhoods for inclusion in the Neighborhood Finance Corporation's programs should be re-evaluated and potentially expanded to include more neighborhoods in need of assistance.
Revitalization Program may need to be changed. Shifting some City staff time to planning and programs for target areas in distressed neighborhoods, and dealing with the reality of more limited public financial resources, may result in fewer neighborhoods being designated. We believe the NFC’s lending operations should be “de-linked” from the designated neighborhood program, and that the 28E agreements with the City and the County should be modified accordingly.

We also need to acknowledge that if developers who rehab and sell homes—and possibly developers who own rental housing—have access to grant funds managed by the NFC, there will be more demand for grant funds. An increased volume of NFC loans will generate more operating income, which could be invested in an expanded range of products. However, if some grant funds are used by developers, fewer grant funds will be available directly to home buyers and home owners, or the NFC will have to work in fewer neighborhoods, or more grant funds will need to be committed by the City and the County.

We believe the NFC’s mission needs to expand in other ways. Our original recommendation was that the NFC consider being a developer as well as a lender, and that the NFC could manage the housing trust fund we proposed. The decision was to separate those programs, and we understand that there were good reasons for that decision. However, we still believe that the NFC could become a one-stop financing source for nonprofit developers, who could play a critical role in a more comprehensive approach to meeting neighborhood housing needs. The process of developing and financing affordable housing is complicated, and nonprofit developers who conduct that function frequently spend too much acquiring financing from different sources. The NFC could act as an equity investor as well as a lender—in effect, become a co-developer. The NFC should also provide grants to projects to make difficult but essential affordable housing projects work. The NFC will need more capital, both public and private, to accomplish these tasks.

That expanded role for the NFC and for nonprofit developers will be especially important as part of the strategy for the target areas in distressed neighborhoods. Less of the housing in those neighborhoods is owner-occupied, and less of the rehabilitated housing may be sold to home owners than in transitional neighborhoods. More of the housing is likely to be more severely deteriorated and need extensive rehabilitation. A larger percentage of the housing than in transitional neighborhoods may be beyond rehabilitation, and may need to be replaced by new construction.

4. Neighborhood Commercial Areas

We heard a strong, community-wide consensus that commercial areas are critical to making and keeping Des Moines neighborhoods viable. People who invest in neighborhoods—whether they are home buyers, investor-owners of rental housing, or lenders and investors who provide financing to both—care about more than the
quality and cost of housing. Although this seems obvious today, neighborhood commercial areas were not a key issue for people thinking about neighborhood revitalization in Des Moines 15 years ago. Commercial corridors should be part of the agenda for a Des Moines Housing and Neighborhood Partnership.

From our perspective, the viability of neighborhood commercial areas is fundamentally an economic issue. Stores and offices remain viable and attractive only if there is market demand for what they offer. If the immediate neighborhood doesn’t provide sufficient demand, defined by both the number of customers and their purchasing power, businesses must attract customers from a wider area, move to different locations, or close. Part of the problem may be that there are too many buildings strung out along streets in commercial districts originally built in a different era.

The approach to neighborhood commercial areas sometimes overemphasizes urban design—determining how to make retail areas more attractive—and neglects solid financial analysis and creative market research. We are not experts in commercial area development and redevelopment, but we know that good market information and analysis is the place to start.

The Neighborhood Development Corporation has played a key role in neighborhood commercial area revitalization. Their efforts should be supported and expanded. The NDC has not done any neighborhood commercial development projects without a strategic plan, and the Casey Foundation has provided financial support for the strategic planning. As noted in the Introduction to this report, some observers believe that a “niche” strategy for neighborhood commercial areas makes sense. In its commercial revitalization initiatives, the NDC has used a strategy based on local ethnic character as an asset—Latino on East Grand, African-American and Southeast Asian on 6th Avenue—rather than attempting to compete with suburban locations for businesses that can locate anywhere.

The NDC also points out that the transportation system—how people move through the city—has a strong impact on the image of the city and the perceptions of potential customers from outside of the neighborhood for neighborhood commercial areas.

We heard from stakeholders that there was early interest from the Casey Foundation in helping to develop a citywide commercial area strategy, as well as supporting initiatives in individual neighborhood commercial districts. Such a strategy has the potential for being controversial because it could result in more or less support for different commercial areas and businesses. However, it is clear that neither the City nor other potential financing sources can provide an equal level of support for all neighborhood commercial areas. Limited resources create the necessity to make choices, and the choices should be based on sound, informed judgments.
5. **Neighborhood Capacity Building**

The increased visibility and political impact of neighborhoods clearly is one of the major success stories of the 15-year history of the City's Neighborhood Revitalization Program. The competition for designation in the program has spurred neighborhoods to become more organized, and the planning process has helped them to set priorities and define their key needs for housing and infrastructure improvements. The leaders in this process have been the neighborhood associations, which generally have become stronger and better-recognized advocates. At the same time, the success story has also revealed or confirmed some issues that suggest the need for adjusting the process.

**Expanding Participation at the Neighborhood Level**

Sustaining broad participation in neighborhood governance has always been a challenge, and for good reason. People today face many demands on their time, including competition for their leisure time as well as the very real challenges of earning a living and raising families. In any neighborhood, it is a challenge to grow a strong leadership base and to maintain a significant base of participants. There are no easy answers, but there are lessons to be learned by sharing experiences across neighborhoods, and perhaps by making relevant technical assistance available.

**Looking Beyond Home Owners**

Neighborhood associations almost by definition are built around the interests and concerns of home owners. Increasing home ownership is an important and legitimate goal, not just for individual neighborhoods but also as a national priority. But as the leadership base of a neighborhood leans excessively toward home owners, other important elements of a strong and diverse neighborhood are left behind—renters, some of whom are potential home owners, businesses, and other key agencies and institutions. As a general principle, the mix of leaders and stakeholders in a given neighborhood should reflect the characteristics of the neighborhood itself.

**Changing Population Composition**

The changes in the population composition in the city are clearly confirmed by census information. A detailed analysis of such changes is beyond the scope of this report, but the population of Des Moines is more diverse that it was 15 years ago. In our initial conversations we found recognition of these changes and, in most cases, an awareness of the need to reach out to bring newer populations into the ongoing life of neighborhoods. There was also an admission that there is limited understanding of how to accomplish that task.
Acknowledging That Not All Neighborhoods Are Alike

We have noted a general need for a broader participation base in the ongoing neighborhood planning process. However, this is another area in which it is appropriate to recognize the differing characteristics of different types of neighborhoods. In more stable neighborhoods where home ownership is more prevalent, the familiar model of the neighborhood association may continue to make sense. In other neighborhoods with a broader range of housing types, more concentrated work will be needed to ensure that all segments of the population are represented and that all are encouraged to become involved. In neighborhoods with increasing numbers of lower-income households and ethnic populations, there are additional challenges to be met in building stronger neighborhood capacity. As the City moves to redefine its ground rules for working with different types of neighborhoods, it may be appropriate to develop a core set of standards for community participation, representing goals to be met by all neighborhoods.

Expanding the Leadership Base

The ability of neighborhoods themselves to carry a larger share of the responsibility for planning and implementation is critical to maintaining the momentum achieved by the Neighborhood Revitalization Program and to dealing with limited City staff resources. That means more people need to be involved at the neighborhood level, and their skills have to be expanded. The scope of our contract did not allow for detailed analysis of approaches to capacity building or the resources available to support it. The Polk County Housing Trust Fund expressed interest in the possibility of supporting capacity building for neighborhoods as well as nonprofit developers, which is a very positive development.

A Unified Voice for Neighborhoods

Fifteen years ago there was only limited communication among the active neighborhood groups, and Des Moines Neighbors was as much an idea as it was an active organization. Today, Des Moines Neighbors is a more active and recognized entity, yet it carries out its work with a very modest budget and staff. Strengthening this group and restructuring it to become a more recognized voice for all neighborhoods is an appropriate step to consider as a part of the next generation of a citywide neighborhood revitalization program.

To some extent, taking steps to address the above issues is a challenge for the overall program. Although needs will differ across the city, certainly there is a general need to provide support to neighborhoods that will help them increase the base of participation, diversify participation and identify new leadership. It will take more analysis to decide whether this role should be played directly by City staff or through the use of third-party services.
The proposed pilot project approach for the distressed neighborhoods can provide an additional opportunity to test more intensive actions aimed at the same goals, with an added emphasis on bringing newer populations into the process. In both instances, we see an opportunity to link the restructuring of the Neighborhood Revitalization Program to the ongoing work of the Casey Foundation’s “Making Connections” project as it enters the second half of its work in Des Moines. We have said elsewhere in this report that the work in the distressed neighborhoods must be recognized as a more ongoing challenge that has to link physical, economic and social strategies for change. Casey has built a strong track record in its work in many communities for taking on just such challenges. In the immediate future there should be a common forum, involving the full range of interests that will eventually comprise the stakeholder partnership we have recommended, to develop a work plan that brings together the work supported by Casey with the next steps in detailing how to address the recommendations in this report.

6. Data Collection

Our limited review of the U.S. Census data compiled by the City supports two core conclusions in this report—that for the city as a whole conditions have improved, in terms of indicators for both the housing stock and residents, and that in some neighborhoods those same indicators show that conditions have worsened over the same period.

While acknowledging that our review of available information has been limited, we believe that the accomplishments of the past 15 years have not been “packaged” as effectively as they could be to convey a strong picture of the dramatic changes that have taken place and the positive strides made through the City’s Neighborhood Revitalization Program. There is a need for further analysis to support the proposed shifts in approach for working with different types of neighborhoods.

One frequent problem stems from the fact that a lot of information is available—too much, in fact, to use in telling the story of what has been done. Selective use of information is an important part of a strategy to present a compelling case for redirecting work to ensure continued improvement for the city’s neighborhoods. One possible approach is to compile data for a limited set of indicators of neighborhood health, to be used to prepare an annual “report card” on how the neighborhoods are changing. The challenge is to identify a set of indicators that are readily available on a recurring basis, and not to generate the need for collection of additional information.

As a starting point we suggest the list below. The list should be reviewed against currently available sources of information, working toward a set of six to eight indicators. It is less important to get the exactly right set than to figure out how to effectively use the information that can be extracted from existing local sources.
Taken together, the information would provide a picture of how neighborhoods are changing.

- Income distribution, emphasizing the mix of incomes within the neighborhood rather than a single measure such as median income
- Changes in property values as an indicator of overall economic status
- Incidence of code violations as a measure of housing condition
- Educational attainment, such as high school graduation rates, reflecting the success of the school system in preparing individuals for employment and continuing education
- Employment/unemployment rates, indicating ability to anticipate greater family or individual economic independence
- Commercial activity, measuring the availability of basic services as well as opportunities for entrepreneurial activity
- Crime and safety indicators, reflecting the extent of issues, both real and perceived, that bear strongly on resident confidence in the future of their neighborhood
- Health indicators, a fundamental measure of both well-being and access to healthcare resources
- Voter participation rates, a useful surrogate for resident participation in the life of the community

We have also heard discussion of work being done to develop a “data warehouse” within the City government. There certainly should be a recognized depository for information about conditions in neighborhoods, including both standard sources such as the U.S. Census and local sources for information that is not currently being effectively linked. If the data warehouse is a sound candidate for performing this function, then it should receive the funding needed to ensure its effective operation. The proposed pilot project for target areas in distressed neighborhoods could be used as a demonstration project for figuring out how to collect useful information in a manner that could be replicated for all neighborhoods.
IV. Implementation

For the most part, the recommendations in this report involve adjustments to the Neighborhood Revitalization Program as it now exists—changes in how an already successful program is being carried out—rather than major changes or additions to the structure for the implementation of the program. This section focuses on where we do see the need for making changes to the basic approach, as well as on presenting an initial timetable for the steps that should be taken over the short term to implement the recommended course corrections. These recommendations reflect our basic findings: the needed changes result from a program that has been remarkably successful in sticking to its mission over 15 years and the reality that resources—money and people—are more limited, and that some parts of the city have not experienced the general improvement of conditions achieved for the city as a whole.

A. The Role of the Steering Committee

The initial S&E report had the impact it did in large part because there was a core leadership structure in place at the beginning of the work—leadership determined that needed changes would be made and that the report had to result in concrete and specific actions. Today, while the commitment to neighborhood revitalization remains strong in Des Moines, the commitment to heed the recommendations in this report is less clear. In fact, there is some sense that the City and the County have a lot on their plates right now, and that a new initiative that would appear to add yet another set of demands for time and resources will be difficult to sell. We acknowledge the reality of that perception. We believe the answer, at least in the short term, is to have the Steering Committee become the “custodian” of this report until the core recommendations presented have been addressed. As is shown below, our feeling is that this oversight function will be needed for a year at most.

The Steering Committee was created to provide feedback and guidance in the development of the report. It played that role very productively in the discussion that took place during the second site visit. It will be the formal recipient of this report, and our recommendation is that the Steering Committee remain in place to review the recommendations in greater detail, determine which of them should be implemented and what specific steps are needed accomplish that task.

B. Working in Distressed Neighborhoods – The Pilot Project and the Stakeholders Partnership

Perhaps the most fundamental recommended shift in approach comes from the recognition that some neighborhoods in the city have not shared in the overall positive changes of the past 15 years. In those areas, a new approach is needed—one that more explicitly acknowledges the need for a closer connection between strategies for physical revitalization and those aimed at creating opportunities for
greater economic independence for neighborhood residents. Two interdependent steps are needed—selecting a target area or areas as the focus for a pilot project for a new approach to working in the most distressed neighborhoods, and putting in place a partnership representing all of the stakeholders whose involvement will be critical to the success of the project. Throughout the remainder of this section we will refer to a single pilot project. The case certainly could be made for more than one, but that may or may not be realistic given the reality of limited resources. Both of these steps have been discussed in part earlier in this report. The objective here is to suggest more specifically the actions needed over the next year to make the new approach a reality.

The selection of a pilot project is beyond the scope of this report. We have suggested an initial set of selection criteria, recognizing that the ultimate selection will depend on many factors including the availability of funds, the capacity of City staff and others to support the work and, most important, the support of a range of other actors, particularly those involved in the delivery of services to families and individuals. Undoubtedly a number of the city’s neighborhoods manifest the demographic characteristics—neighborhoods that were classified as “distressed” using the criteria recommended by the original S&E report. Two contrasting lessons emerge from the experience of the past 15 years: (1) problems clearly do not stop at neighborhood boundaries; and (2) the reality of available resources means that even an individual neighborhood may be too large a target area to have a realistic expectation of “success” over the span of a few years. Those realities create the need to pick a pilot project—an area representative of the physical, economic and social problems affecting distressed neighborhoods, but small enough to be able to serve as a demonstration of more comprehensive strategies for working with both the people and the physical environment.

Accompanying the designation of a pilot project must be the establishment of the advisory/governing body that will be responsible for managing both planning and implementation phases of the project. There is, of course, a question as to which should come first—the establishment of the partnership or the selection of the project area. We believe that the selection of the pilot project is the responsibility of the City, working with the Steering Committee. We see the composition of the stakeholder partnership as being at least partly reflective of the leadership and elements of a particular geography, as opposed to being composed entirely of citywide representatives.

There is no simple standard for the membership of the partnership. It should be large enough to include a broad range of leaders, interests, and institutions. The process of organizing it should involve a broad and inclusive outreach process, aimed at identifying the participants seen by the community as being representative of the full range of interests and concerns in the community.
As mentioned earlier, one clear result of the past 15 years has been to give neighborhoods a strong voice in the life of the city and to bring them more directly into the political process. The focus has been on the strengthened role of neighborhood associations, and clearly these organizations have in many cases emerged as the recognized voice of their neighborhoods. In other cases, however, the associations wrestle with limited participation that has a strong home owner base. It will be especially important, as part of the pilot project, to establish a fully inclusive process that deals successfully with two ongoing issues—how to bring more participants into the process and how to reach out to connect with new ethnic populations.

In this regard, we see an important connection to the work of the Casey Foundation’s “Making Connections” project. Our understanding is that this project is at the half-way point in its work in Des Moines, and is reviewing how it can make its work over the next five years most relevant to the needs of the community. We see an opportunity to link the skill and experience of Casey with the proposed direction discussed here. Casey has substantial experience with building strong neighborhood capacity, developing leadership within the community and working to bring newer immigrant populations into the ongoing life of the community. There would be benefits all around if the decisions about Casey’s work over the next five years were made in tandem with the design of the retooled neighborhood revitalization strategy for distressed areas.

C. Priorities for the Next Year

The list below is meant to suggest the task that lies ahead for the next year. What made the initial report successful was the fact the commitment to turn it into a real program was strong and present right from the start. We believe that the City has the primary responsibility for moving the process along, with the Steering Committee continuing to provide guidance and to provide the same kind of oversight that was present at the beginning 15 years ago. The actions listed here represent the starting place for that process.

Steering Committee

- Receive and review report
- Recommend action to City, including areas where additional work is needed
- Continue to meet periodically to monitor progress in designation of pilot project and formation of the stakeholder partnership
- Receive reports from the NFC as its redefined mission is implemented
• Receive reports on formulation of housing policy and review final proposal

• Determine need for ongoing advisory role

Pilot Project Selection

• Review and modify selection criteria

• Determine number of pilot projects to be selected

• City to develop recommendations for target area(s)

• Present to appropriate decision-making bodies

• Establish planning process to be presented to newly formed stakeholder partnership

Formation of Stakeholders Partnership

• Decide on an advisory structure for the work of City staff

• Design the process for neighborhood convening as first step in creating the partnership, working in concert with Casey “Making Connections” project

• As appropriate, utilize the experience that other communities have had in building such partnerships. One useful example is the New Communities Program in Chicago, now being implemented jointly by the Chicago Local Initiatives Support Corporation and the MacArthur Foundation.

• Develop structure for partnership—number of members, interest areas represented—subject to information from the actual initial meeting(s) in the selected area(s)

• Following selection of pilot project(s), plan and hold initial meeting to explain project and solicit interest in serving on partnership

• Develop options for staffing the ongoing work—existing or new City staff, other public or donated private staff, or third-party contract
Housing Policy

- Solicit approval from City Council and County Board to undertake project
- Consider role for an advisory committee, composed in part of agencies now involved in affordable housing issues
- Develop policy
- Implement public review process
- Present to City and County for formal adoption

Overall Revitalization Program Structure

- Review budget and resource allocations for the revised classifications of neighborhoods
- Review composition of NRB for possible changes
- Ensure linkage of NBSD program to pilot project areas once designated
V. Appendix

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<tr>
<th>Overall Results of the Program</th>
<th>Matrix Summary of Findings from Initial Site Visit</th>
<th>What can be different</th>
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<tbody>
<tr>
<td></td>
<td>What we heard and what we saw</td>
<td>Recommended changes to the program</td>
</tr>
<tr>
<td>The Neighborhood Revitalization Program model works for Des Moines. Many centers of activity work together to address physical problems.</td>
<td>Even though the program is perceived as successful, many people point out ways in which it could be changed for the better.</td>
<td>Don’t designate so many new neighborhoods.</td>
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<tr>
<td>The importance of neighborhoods is now a fact of life in Des Moines. Neighborhoods are important politically and in terms of how the City manages its budget and services.</td>
<td>There are many positive results of the focus on neighborhoods. The program works so well that the number of neighborhoods wanting to participate and the cost of what they want done exceeds what the City can do. All neighborhoods should continue to feel empowered as part of the system.</td>
<td>Tell the story in ways that encourage further progress.</td>
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<td>Neighborhoods throughout the city show visible improvement — fewer abandoned buildings, fewer vacant and neglected lots, less concentration of severely troubled properties.</td>
<td>Differences of opinion exist about how extensive the improvement has reached — especially in relation to abandoned buildings</td>
<td>Recognize successes by communicating status reports and project results.</td>
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<tr>
<td>Des Moines has experienced population shifts common to many urban areas. The City is attracting residents with lower incomes as well as new higher-income households.</td>
<td>Insufficient information exists to determine whether residents with relatively higher incomes are attracted to neighborhoods requiring new investment.</td>
<td>Attract a middle class population that is vital to the economic life of every city.</td>
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<td>Ethnic diversity related to population growth provides an opportunity to enhance neighborhood vitality. Frustration and concern remain from past attempts to incorporate new populations into neighborhood planning activities.</td>
<td>Other communities have increased the participation of people with diverse cultures, and Des Moines could learn from them.</td>
<td>Explore ways to bring new populations into active decision making for their neighborhoods.</td>
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The Wisconsin Partnership for Housing Development, Inc.
August 24, 2005
### Neighborhood Planning Process

<table>
<thead>
<tr>
<th>What we heard and what we saw</th>
<th>What we thought about what we heard and saw</th>
<th>What can be different</th>
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<tr>
<td>The City has fewer resources to invest in neighborhood revitalization than 15 years ago.</td>
<td>We wish to retain enthusiasm for neighborhood revitalization, but uniform planning processes for all neighborhoods create unrealistic expectations about implementation. Different neighborhoods have different needs. Each neighborhood requires a specific level and type of staff support, a unique planning process, and a different type plan.</td>
<td>Create a more customized approach. Rethink classification of “stable, transitional, and distressed” neighborhoods.</td>
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<td>Growth and development create new neighborhood problems.</td>
<td>Planning work is never complete—even in charter neighborhoods.</td>
<td>Change references and assumptions about charter neighborhoods.</td>
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<td>A core group of neighborhood volunteers participate at multiple official and non-official levels. The leadership base needs to expand.</td>
<td>No formal effort to train new leaders. The current process presents a danger of “burnout,” and of overlooking or discouraging new participants with new ideas.</td>
<td>Capitalize on volunteer leadership training opportunities offered by the Casey Foundation initiative.</td>
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### Program Structure

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<td>The NFC is one of the Neighborhood Revitalization Program’s most visible successes. Financing for home purchases is easier than ever, and no neighborhood shows declining values over the past few years. Some members of the real estate industry believe NFC’s underwriting standards and loan processing are too stringent and slow. Other lenders may be faster and more accommodating.</td>
<td>NFC’s underwriting standards maintain neighborhood stability. Looser underwriting standards can increase loan default and foreclosure rates—hurting both residents and neighborhoods.</td>
<td>Recognize demand for NFC funding for acquisition-rehab/ resale, new development and rental housing, instead of focusing only on home improvements and home purchase.</td>
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<tr>
<td>The original plan focused on investment in physical improvements—housing and infrastructure. The Neighborhood-Based Service Delivery (NBSD) program is welcome and effective.</td>
<td>The NBSD program demonstrates the need to connect efforts to improve places with efforts to improve people’s lives. Investments in physical improvements should coordinate with social services and economic development.</td>
<td>Design initiatives to address complex social issues that arise in families with incomes too low to gain access to healthy, safe homes or to attain economic self-sufficiency.</td>
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<td>Broaden the use of grant funds managed by the NFC.</td>
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<td>Focus on expanded supportive service delivery for the most troubled neighborhoods.</td>
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<td>Organizational Structure</td>
<td>What we heard and what we saw</td>
<td>What we thought about what we heard and saw</td>
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<td>The Community Development</td>
<td>Expanding the current program, even for a few neighborhoods, will challenge the present staff.</td>
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<td>Department is at the center of the neighborhood planning and improvement process. The achievements of the limited staff are remarkable: responsibility for neighborhood outreach, resource allocation, neighborhood revitalization program management, plan implementation oversight, ongoing program evaluation, and liaison with neighborhoods during and after the planning process.</td>
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<td>Opinions differ about effective program and/or service management between the City and the County. However, both the policy makers and the people who administer programs that serve the same clients are willing to work together.</td>
<td>Problems in City-County relationships are common in many metropolitan areas. Des Moines and Polk County collaborate about as well as most central cities and urban counties. The City and County should build on the partnerships that do exist.</td>
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<td>The Casey Foundation Initiative, the Human Services Planning Alliance, and the Greater Des Moines Partnership’s Project Destiny don’t interrelate with the City’s neighborhood revitalization efforts.</td>
<td>All of those initiatives offer opportunities to collaborate and increase the effectiveness of the neighborhood revitalization program—especially for lower-income families and individuals.</td>
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Capitalize on opportunities for collaboration.
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<td><strong>Recommended new elements of the program</strong></td>
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<tr>
<td><strong>Housing Policy</strong></td>
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<td>The 15-year emphasis on homeownership continues to receive support as both successful and appropriate for the Neighborhood Revitalization Program.</td>
<td>Unfortunately, an implication that the rental population and multifamily housing stock is in second-class status is a consequence of the priority on home ownership.</td>
<td>Include more multifamily and affordable rental housing in the mix of neighborhood housing options. Develop affordable rental housing for seniors, new residents, and others who are not candidates for home ownership.</td>
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<tr>
<td>Abandoned houses present serious problems wherever they remain; opinions differ about whether they are less numerous than 15 years ago.</td>
<td>Boarding up properties is an initial step in a legal process to locate and work with property owners to accomplish repairs. Demolition is a result that may take several years.</td>
<td>Stay ahead of abandonment by strengthening code enforcement, but recognize that houses become vacant and abandoned for reasons other than upkeep.</td>
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<td>Selling public housing units to nonprofit developers will keep the stock affordable, but nonprofit developers might not have the capacity to maintain significant numbers of additional units without additional funding.</td>
<td>Public housing is a valuable affordable housing resource that requires protection.</td>
<td>Offer organizational and technical assistance in large-scale management of affordable housing, or create a new entity to manage housing acquired, refinanced, and rehabilitated by nonprofit developers.</td>
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<tr>
<td>Infill development is a catalyst for neighborhood revitalization success.</td>
<td>Infill projects must blend with surrounding neighborhoods. Continue to support and encourage new construction on small, irregular, or empty lots.</td>
<td>Develop planning incentives for infill development.</td>
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<td><strong>Commercial Areas</strong></td>
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<td>Ethnic diversity offers opportunities for retail and entertainment businesses. Retention and enhancement of neighborhood-based commercial activities are priorities. Commercial corridors extend beyond neighborhood boundaries and don’t align with present neighborhood selection process.</td>
<td>Financing is essential for business start-ups and expansion activities. Solid analysis of market demand for neighborhood-based retail and office uses deserves high priority.</td>
<td>Create a new neighborhood retail/office revitalization initiative to encourage, support, and market commercial activity and capitalize on ethnic diversity.</td>
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<td>Attractive, clean commercial areas make shopping attractive to existing/new residents and to customers from a broader market.</td>
<td>Streetscape improvements encourage private investment. Continue, support, and acknowledge volunteer, Main Street, and SSMID progress.</td>
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<tr>
<td>Classification</td>
<td>Characteristics</td>
<td>Issues</td>
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<tr>
<td><strong>Stable Neighborhoods</strong></td>
<td>Neighborhoods in good shape and more self-sufficient than others—generally, free from major problems of either people or place.</td>
<td>Specific physical problems have the potential to worsen or affect other neighborhood.</td>
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<tr>
<td><strong>Transitional Neighborhoods</strong></td>
<td>Neighborhoods with justifiable focus on key problems.</td>
<td>Social service delivery issues, as well as physical problems.</td>
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<tr>
<td><strong>Strategic Investment Areas</strong></td>
<td>Clusters of neighborhoods with common characteristics or sharing corridors with common characteristics.</td>
<td>Persistent low-income population and concentrated troubled properties. Identified by critical criteria, rather than designated through a competitive process.</td>
</tr>
<tr>
<td><strong>Commercial Corridors</strong></td>
<td>Commercial districts along major streets that cross neighborhood boundaries and may align with or cross stable neighborhoods, transitional neighborhoods, or strategic investment areas.</td>
<td>Businesses struggle to remain viable and view relocation outside of Des Moines as the solution.</td>
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