MEETING SUMMARY
Neighborhood Revitalization Board

May 1, 2019, 5:00 p.m.

Call to Order/Roll Call
Meeting called to order at 5:07 p.m. by Kelly Kennedy

Roll Call by Tom LaPointe:

Present: Tom LaPointe, Jan Goode, Marge Ramsey, Kelly Kennedy, Frank Owens, Greg Lewis, Leslie Berckes and Kari Warren

Absent: Molly Hanson, Seth Johnson and Alex Piedras

Staff: Chris Johansen, Director and Stephanie Preusch, Executive Director at Neighborhood Finance Corporation

Approval of Agenda

Motion to Approve: Frank Owens; seconded by Greg Lewis

Jan Goode and Kelly Kennedy want the NRB packet emailed to them.

Motion carried (7-0)

Approval of Minutes:

Motion to Approve: Frank Owens; seconded by Leslie Berckes

As Amended, per Tom LaPointe, Page 3 Paragraph 3 – first “not” removed.

Motion carried (7-0)

Report from the Chair / City Council Actions

Chris Johansen: One quick update. This is an upcoming Council item for Monday. We have an annual CHDO (Community Housing Development Organization) agreement for our HOME Inc funds. That’s $240,000 for our HOME Inc agreement. Part of HOME Inc’s regulations with CHDO. We are continuing with them.

Greg Lewis: What does HOME Inc do? Are they private?

Chris Johansen: They’re not-for-profit. They build single family homes throughout Des Moines, which they sell to low income families. They also offer a lease/purchase program. That’s the main portion that we do fund. They’re also involved in home ownership counseling and landlord tenant mediation. I’ve had Pam (Carmichael) speak here before, but I could invite her to speak again.

Greg Lewis: You’ve mentioned three things that Des Moines Housing Services does. Why do we have a $240,000 contract with HOME Inc?

Chris Johansen: Des Moines Housing Services doesn’t do all of that. The Housing agency isn’t eligible for CDBG funding. They may not even be eligible for HOME Inc. We don’t build homes.
Greg Lewis: But we buy properties and sell them to non-profit groups like Habitat for Humanity.

Chris Johansen: The City has sold existing properties. We don’t buy new.

Frank Owens: Federal funding excludes us if we don’t have a CHDO in the system, in terms of eligibility for certain funds, which would be less overall for everybody.

Chris Johansen: I understand what you’re saying. This is not something the Housing Agency does though, what we’re funding here. They don’t build single family homes.

Greg Lewis: But we do mediation.

Chris Johansen: No. Housing does not do mediation. We send tenants to HOME Inc whenever they have a problem with their landlord.

Kelly Kennedy: Don’t they also do transitional housing?

Chris Johansen: No. HOME Inc does not.

Greg Lewis: One of the things you mentioned was a contract that they sell on lease to own.

Chris Johansen: Yes. Lease/purchase.

Greg Lewis: We’ve had some serious problems with contractual deeds. I know that Frank spoke about that before. Where they come in and say, oh you moved this light fixture, so you’re out.

Chris Johansen: For contract sales. This is a little different.

Greg Lewis: Is this protected against that kind of thing?

Chris Johansen: They’re there to help the homeowner. They work with the homeowner for a long time to prepare them for homeownership.

Greg Lewis: We have the sell program through FSS.

Chris Johansen: Yes. Housing sells their existing housing stock.

Frank Owens: Since this has come up, why don’t we have Pam come and go through that process so that everybody can have a better understanding of what they do, how they do it and what the fund difference is.

Chris Johansen: I will invite Pam.
Chris Johansen: Moving on to the regular agenda. Tom suggested it would be nice to hear from Neighborhood Finance Corporation. Stephanie Preusch is here tonight. She has a presentation and she’ll be glad to answer any questions you have.

Stephanie Preusch: Last year, HOME Inc provided home buyer education to 300 people that received down payment assistance through Neighborhood Finance Corporation. That’s one thing they do that is a big LIFT, and I use that term because that is one of the programs that we offer. I will talk about LIFT in the presentation. One of the things that we partnered with HOME Inc on was to offer eight-hour homebuyer education classes in the community last year. Then we partnered with the Des Moines Housing Agency to work with FFS clients to get them into homebuyer education. There are some real partnerships going on in this community. That’s what I love about Des Moines. My name is Stephanie Preusch. I’m the Executive Director of Neighborhood Finance Corporation. I’ve been in this role for five years. I started my career in Des Moines as one of the first employees of Neighborhood Finance Corporation back in 1991. I have done other things in the interim. I left Des Moines for 17 years then returned 5 years ago.

Stephanie Preusch: Frank (Owens) left our board six months ago after serving on our board for about 12 years. Marge (Ramsey), our current NRB representative, has been on our board for about four years. She does a great job for us. And Chris (Johansen) is on our board as well. We have great representation from the NRB. My presentation is information that I think you’d be interested in. It’s to spur conversation, so interrupt me at any time. Our mission is neighborhood revitalization. We were formed as part of a larger initiative in 1990 to improve Des Moines neighborhoods. There were 5 original neighborhoods where we did our lending. We are a non-profit mortgage lender. We’ve been involved in the neighborhood planning process but that’s not our thing. We do purchase, refinance and home improvement lending.

Stephanie Preusch: We have the Front Porch home exterior program. That’s a newer program that has a lower interest rate and is a little easier to apply for. We created the Front Porch program in response to one of the plans that came out of the Capital Crossroads Plan, which called for an easier to get exterior repair program. Every loan that we do has a forgivable loan with it, that’s forgiven over five years up to $10,000. That’s a repayable loan combined with a forgivable loan. We’re fortunate in that we get $1 million a year from the City and $1 million a year from Polk County. That money goes towards our lending. None of that money is used for our operations. Our operations funds come either from NeighborWorks or we earn it through our lending program. So, none of that is used to pay salaries. We also partner with the city of Cedar Rapids. We opened an office in Cedar Rapids in 2018. We do lending in West Des Moines and Windsor Heights. The money that we use for forgivable loans there comes from those local communities. No money in Des Moines goes to those communities. The money that we lend out comes from local financial institutions. We are a NeighborWorks America.
organization as well as a Community Development Financial Institution. Any questions so far?

Greg Lewis: On the repaid and forgivable, is there a point where you borrow (or repay) X amount to get X amount?

Stephanie Preusch: On the purchase and refinance, it’s a $10,000 forgivable for pretty much everyone. On the home improvement, how it work is that if you’re lower income, half of its forgiven up to $10,000. If you’re moderate income, it’s one-third. And if you’re higher income, one-fourth of its forgiven. But what we find is that higher income folks do more repairs. So, generally, the forgivable amount tends to be the same. Lower income homes tend to do just what they need to do, like the roof. Whereas, the higher income home will do the roof but will also do the kitchen. They tend take advantage of the full forgivable amount.

Greg Lewis: I was looking for numbers. To get the total $10,000 forgivable do I have to borrow the $10,000 that’s repaid.

Stephanie Preusch: For lower income, its $10,000. For moderate income, its $15,000. For higher income, it’s a quarter. That’s on our website. [http://neighborhoodfinance.org](http://neighborhoodfinance.org/) We’re very transparent with it.

Jan Goode: Where in the borrowing process is the borrower made aware that the forgivable loan is taxable income? The reason I ask is that we had some families in our neighborhood that got the forgivable loan and the regular loan. They were surprised when they received a 1099 and had to pay the taxes on that. They felt they should have had more information or been made aware of this up front. I think if they had known that, once they paid the taxes on the taxable income over the period of 5 years, it wasn’t worth it.

Stephanie Preusch: It’s hard for us because what our attorney tells us is that we can’t provide tax advice to people and tell them whether its taxable income or not. Some accountants tell people that it’s not. If we publish that this is taxable income, then we would have to say that we’re a tax advisor, and we’re not. All we can say is that it’s a forgivable loan and that you should investigate with your tax advisor on how they would look at that loan. We have a release that they sign at application that states that.

Kari Warren: As a realtor, we’ve been advised that when clients take out an NFC loan to disclose to them that it’s grant funds and that they should talk to their accountant about it.

Stephanie Preusch: That’s a good point. I’ll go back and make sure that we’re communicating that. There have been some years where the IRS has changed the rules and forgiveness of debt wasn’t taxable income. So, if we provide them advice, we could be providing them the wrong advice.

Tom LaPointe: Do you send out a form like employers do for income and wages?
Stephanie Preusch: We do. Every year that they live in the property, 20% is forgiven. For that 20%, we send a form.

Tom LaPointe: And that is currently in the IRS code?

Stephanie Preusch: I don’t know that answer. Some years the IRS says the forgiveness of debt is taxable, other years they say it isn’t.

Stephanie Preusch: Regarding our lending totals, last year, lending was down across the country, but it’s supposed to be going up. Our lending was down also. But we had two large down payment programs, so our revenues were good. We made 434 down payment loans totaling over $3.7 million. That number was throughout Polk County. I believe we had a positive impact on the community, and brought those funds to Des Moines because we’re a strong CDFI and NeighborWorks organization. We compete nationally for those funds. Even though it was one of our lower lending years, almost $3 million worth of renovations were completed through our lending. Through the City of Des Moines, we made 6 loans through the flood program after the flooding in June. We have recycled over 50% of the forgivable loan funds that we’ve received through the City and the County. We also use that money as a last reserve on our loans. We don’t have big losses.

Kelly Kennedy: What percentage of the loans you make, do you sell?

Stephanie Preusch: It’s changed over time but the home improvement loans we keep. We sell them to local investors in a pool, but it feels like we keep them. In the past 3 years, we’ve sold approximately 75% of our purchase and refinance to Fannie Mae. That’s more than we used to, because we were able to increase the amount that we could sell to Fannie Mae from $5 million to $20 million per year based on some changes we made.

Kelly Kennedy: If you keep 25%, do you have an idea of how much of that 25% that goes into default?

Stephanie Preusch: We don’t track the difference. I can tell you that our defaults are less. We service our loans whether we sell them to Fannie Mae or to our local investors. And our defaults for the past 6 months have been below 2%. So, our defaults are very low. You can find your neighborhood (on this page). Since 1991, this lists how many loans we’ve made in each neighborhood. Citywide means it’s not a designated neighborhood. If it never had a neighborhood plan (or was designated/chartered) through NFC, then it would fall under Citywide.

Greg Lewis: As I read this, it says Union Park has 564 loans. The Union Park area as devastated in 1993. Were some of these loans part of the massive flooding in that area?

Stephanie Preusch: No. Union Park was in our second round of neighborhoods. In 1993, Union Park became a designated neighborhood.
Greg Lewis: I see that Citywide and Union Park are the two highest. Is that why?

Leslie Berckes: Highland Park and Beaverdale are not that far behind.

Stephanie Preusch: They are all large geographic area neighborhoods. What would be more interesting is comparing that to how many owner-occupied houses there are.

Kelly Kennedy: You can do loans over the whole City but you can only do the forgivable in certain areas?

Stephanie Preusch: No. We do them in about three quarters of the City. We lend in all low-income census tracts and in some other neighborhoods.

Kelly Kennedy: There are some areas of Des Moines, Windsor Heights and West Des Moines that you can’t do any loans at all.

Stephanie Preusch: Right. For example, in West Des Moines, we can only lend in the Valley Junction commerce neighborhood. In Windsor Heights, we only lend south of University. In Des Moines, we do a little bit of lending west of University and a little bit west of 42nd Street. But not much.

Tom LaPointe: How do you arrive at your designated neighborhoods? And, do you do it on an annual basis?

Stephanie Preusch: I believe the last time that neighborhoods were picked, owing to the CZB plan and waiting for that to happen, was about 7 years ago. Before that it was every 3-4 years.

Jan Goode: I can explain the designated neighborhood process. At some given point, the City either approached us or we approached them, and we asked them to work closely with us to determine our socio-economic challenges: our strong points, our weak points, what can the City do, what do we have for parks, what do we need for housing, etc. Our neighborhood had a huge need for sidewalks. It takes about a year to put together the plan, then at the end of the year, we agree to work together to get a certain amount of work done in our neighborhood. Ours had a lot to do with infrastructure, sidewalks and streets. During that process, we partnered with NFC. NFC came in and poured in more money. Not only the streets, sidewalks and schools were fixed up but so were the houses. There’s incentive for the homeowners to improve their properties the same time that the City’s putting in money to improve the streets. Southpark was part of that. What we found in Southpark was that our homeowners were blue collar and do their own work. We wanted to get a loan because we were part of this process. NFC said that you can’t do your own work. My husband didn’t want to hire someone to paint because he can do that. You must hire a contractor which doubles the amount of the bid or the loan; which made no sense to us. Most of the people in our neighborhood couldn’t justify that.
Tom LaPointe: What is your relationship to NFC lending to the current CZB activity and their designated four activities?

Stephanie Preusch: It’s still being figured out. We hope we have a role in the lending in those areas, but that’s a plan in progress.

Tom LaPointe: The reason behind the question is pretty straight forward. CZB said there was money going out to neighborhood revitalization, and the soup was being watered down. What I find interesting about your presentation is there seems to be a fair amount of money that has been loaned since 1991. And it strikes me that it would be extremely important that the details of those relationships get worked out and get worked out reasonably soon, so that it is more focused and more value is extracted from these joint activities.

Stephanie Preusch: In 1991, it was a small area of plans. Overtime everyone liked the lending and we were asked to go to other neighborhoods. Now we’re back to where we really have to focus. Of course, we’d like to be part of the CZB plan. I think there’s toolkits for all neighborhoods. I believe in renovation lending and in homeownership. I know that we’re a nationally recognized lender and I think we have a role to play.

Greg Lewis: I want to follow up on what Jan said. I’m a journeyman carpenter but I can’t do repairs on my house?

Stephanie Preusch: If it is your line of work, you can.

Greg Lewis: Jan said that her husband couldn’t.

Jan Goode: That’s not my husband’s line of work. He’s an architectural designer, but he knows how to do all that work.

Stephanie Preusch: How many years ago was that?

Jan Goode: 7 or 8 years ago.

Stephanie Preusch: Over the last five years, we’ve had some changes in our organization. I would call NFC about anything that anyone told you that happened in our organization over four years ago. We’ve made major changes to our organization, to our underwriting guidelines, to our rules, to everything.

Greg Lewis: Is there a list of preferred contractors?

Stephanie Preusch: We don’t have preferred contractors but we are working on two things. One is a list of contractors that have successfully worked through our program. People have a list that they can call. Whether the caller wants to use them or not is up to him or her. We’re also hiring somebody to help clients through the process, especially someone who is buying a home because it’s hard for them to get their bids in quickly.
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Greg Lewis: Is there an inspection process to show that the money was well spent?

Stephanie Preusch: Yes. We escrow the money for the renovations. The homeowner signs a document that says I’m going to pay Contractor ABC. We go out and inspect that the roof was done. Then we pay Contractor ABC and we have a lien waiver signed. We pay contractors twice a week. If the work is done by Monday at noon, they are paid by Tuesday at 4pm. We try to be contractor friendly. I understand what happened in Southpark, but we have rules. We sell in the secondary market. There are things that we can’t get around. But we’ve made a lot of changes to our organization. We’re trying to bring that entrepreneurial spirit back. So, give us a chance.

Stephanie Preusch: Another thing we do is renovate and build homes. We sold 11 homes last year. It was our 10th Anniversary of NFC Properties and we had maps put together. We did our first historic renovation last year. This is on 37th Street. Then we built one of our largest homes on East 13th and Cleveland. From 2010-2018, we sold 122 homes: 77 of the homes we got back as foreclosures. Our idea was to go out and purchase homes. Then the foreclosure crisis hit and we got a bunch of our homes back. The first 5 years were dealing with our own foreclosures, which in a lot of ways was good. We got those homes rehabbed. And we got quality homes back into homeownership instead of them getting sold for investment properties, which happens with many bank foreclosures. Forty-five were homes or lots that we acquired. Here are 21 new construction and 101 renovations. In the last few years, new constructions have become more affordable.

Greg Lewis: Are those empty lots going to come out of Blitz on Blight? We’re going to spend $3 million to demolish houses over the next three years. Will those lots then become available to organizations like NFC?

Chris Johansen: Through Blitz on Blight, the City doesn’t take ownership on the lots. They’re still owned by the property owner. The City goes to court to get a court order to abate the public nuisance. We demo the property and put a lien on the property for the value of the demolition.

Greg Lewis: The lot owner would be responsible for the price to tear it down?

Chris Johansen: Yes. More than likely the property owner hasn’t paid their taxes. They go on tax sale. It gets sold to a tax sale investor. We work with NFC so they can acquire some of those properties. The City does have some ability to take title as that point, but we don’t get involved until it goes to tax sale.

Greg Lewis: Now, for example, we have an empty lot that is worth $5,000, that has a $30,000 plus lien against it.

Chris Johansen: The City waives the lien. Because there’s no way anyone’s going to redevelop that lot with a $30,000 lien on it.
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Greg Lewis: We waive the lien to the property owner?

Chris Johansen: If a developer comes to us and wants to request the City waive that lien, that goes in front of the City Council. There’s also unpaid taxes. The developer will then go to Polk County to request that be done. That’s what happens with many of these. If we see some development potential at the beginning, we’ll look at the advantages of taking ownership of the lot. But at the end of the day, it’s better to have these properties owned by the private sector. That’s something we’re watching the balance of.

Stephanie Preusch: We work with the City and Polk County and we go through the tax sale list. We tell them of our plans to build a house, then they will forgive those liens. That’s how we get some of our lots.

Chris Johansen: A couple of months ago, Anu Minhas was here to talk about the tax sale process. That is what we are referring to.

Tom LaPointe: Through the chair, it’s safe to say, there’s a very dynamic process, protocol and relationship between Des Moines and NFC?

Stephanie Preusch: I think we think of each other as strong partners. We’ve got these two huge grants and we needed home buyer education, and we’re not an approved home buyer education partner. I called HOME Inc and said I needed help. They came and they did this for us. I can call Habitat for Humanity. We provide scholarships for their staff to get trained and they provide financial literacy for our clients that we deny. We just sent out over 80 letters for people to go to a class that they provide.

Kari Warren: NFC works closely with realtors too. I know that I’ve called Zach a few times about empty lots that are in an NFC area. This is a cheap lot. You might want to check it out. We look out for them too. We want that new construction in our neighborhoods.

Stephanie Preusch: In 2018, a lot of homes are in the Viva East Bank area. We are very focused there. In the last few years, we’ve built quite a few homes in the MLK area and in Capital Park. Those are two of our bigger neighborhoods that we’re focused in. As I wrap up, a couple of new things: we will be coming out with a new lending map very soon. Today, we announced in a press release that we have $10,500 available in down payment assistance. It’s a 0% deferred loan. It’s in addition to the $10,000 forgivable loan for families below 100% median income. We are creating affordability along with the revitalization. I mentioned that we’re hiring a staff person to help speed up our purchase process. And we hope to have a staff person in the fall to increase our marketing into neighborhoods. Realtors, I’m interested in your ideas on how we can market to your neighborhoods better; other than going to neighborhood meetings and putting information in newsletters, etc. We feel that the best ways to get the word out are neighborhoods and realtors. We don’t have a big marketing budget. Are there any other questions?
Kari Warren: My main irk with NFC is the 15-year furnace rule.

Stephanie Preusch: We just got rid of it. If the furnace is well maintained, that rule doesn’t apply. If they don’t maintain it, they must replace it.

Tom LaPointe: On that point, is some of your discretion limited or handicapped by other circumstances? For instance, if you’re putting some of your portfolio on the secondary market. Are there limitations built into that? Or does the board of NFC set some percentage of these rules? For instance, this furnace rule.

Stephanie Preusch: I would say the biggest limitation is that we sell our loans on the secondary market to Fannie Mae. We have some overlays like the furnace rule. We have gotten rid of, I would say, 90% of our overlays. The overlays we do have, we’re trying to make sure that we’re supporting neighborhood revitalization and its health and safety. Again, the furnace rule was put into place 20 years ago, when a 15-year old furnace was not as energy efficient. It didn’t make sense to replace energy efficient furnaces. So, if you’re hearing those things, please call me.

Kelly Kennedy: Do you still have the garage limitations?

Stephanie Preusch: Yes. 24x24. We waive it often. When we first started doing this, people were wanting to build big garages to run mechanic shops out of them. That was not supporting neighborhood revitalization. We waive it if it’s in a neighborhood where the other garages aren’t 24x24. Or, if you live in an historic neighborhood, where the pitches are high, you can build a larger garage, but your pitch must match the house. It gives us a little more design control. We often waive the one owner rule also. You can own other properties, if you can prove that you’ve owned for a long time or if you are on a title with your parents, for example. I’ve spoken way too long. Thank you for your time.

Approval of 2019 CDBG/HOME Funding

Chris Johansen: Next item on the agenda is approval of the 2019 CDBG/HOME Funding. In each of your packets there’s a spreadsheet. To go through it quickly, and give you a little more information, the columns at the top are the 2018 Funded Amounts which shows what was funded last year. This is on a calendar year basis. The 2019 NRB Funding Recommendations (September 2018) shows what was approved by NRB and the City Council in September 2018. Just recently we received what our CDBG funding is going to be which is the column - 2019 NRB Funding Recommendations (May 2019). In quick summary, for our CDBG funding for this year we’re receiving $3.6 million, as compared to what we received in 2018 that is a shortfall of about $34,000. In addition, we have a couple of categories where we have unspent funding from the previous year. We’re able to take 20% of administrative costs off the $3.6 million. Last year, in our administrative budget we did not spend $154,000. The main reason for that was salary savings for unfilled positions. The other area where there was unspent funding was the Neighborhood
Based Service Delivery Program. That is the biggest item that we do fund. That’s straight salaries for code enforcement. They had unspent funding of $118,000. When you add those two together, that’s an additional $272,000 that I get to program in for the 2019 funding.

Chris Johansen: In considering where to put the additional funding, as you can see, the major changes from 2019 from what was approved in September and from the previous year, the CDD (Community Development Department) neighborhood revitalization plan implementation is where $249,000 additional funding did go, as a recommendation. That funding is used for example: on 6th Avenue. We have funding commitments on the former north Des Moines City Hall building on 6th and College. We’re working with the neighborhood association to revitalize that building. On 6th and Euclid, directly across from the Aqualand building, is a brick 4 or 5 story building that the parks foundation has been trying to acquire and rehab.

Tom LaPointe: On the 6th avenue corridor there’s a lot of road work being done. And underground infrastructure, I presume. That’s CIP money?

Chris Johansen: Yes. The other change, which is a big one from what we’re talking about, is with engineering and demolition fund. Right now, there’s $400,000 of unspent CDBG funding for demolition. What happened was that during last summer to around April, the City did about 80 buyouts from the flash flood last summer. The City acquired those properties and many of those structures went through demolition. Our engineering department that does the demolition has been busy with those. They didn’t spend the $400,000 that they had. Instead of adding more workload to that, we decided to reallocate that funding. The other increase is the last item on here for Central Iowa Shelter and Services, which is the emergency shelter in town. Melissa (O’Neil) from CISS spoke here several months ago. They do have some small financial issues that they have presented to the City. This money is not going to solve their problem. But the additional funding is supposed to help close the gap. That’s what the recommendation is.

Chris Johansen: Additionally, just talking about the HOME program, what we’ve always done is allocate the HOME dollars to our Neighborhood Conservation Services division. Then they go through an RFP process to allocate the HOME funding. The difference in the funding is a straight correlation to the reduction in funding that we receive from HUD. We received about a $76,000 short fall, or reduction, in funding from the previous year. With this recommendation, this goes to the City Council for approval. If there’s any changes, or any other recommendations you want to make, it’s usually done through a letter to the City Council which I’d gladly prepare for you. That is where we go from here. If there are any specific
questions or if you need clarification, I’ll gladly answer any questions you have.

Kelly Kennedy: On the funding for HOME, was that straight across the board for everybody?

Chris Johansen: Yes. All our funding is formula based. Much of it’s based on the age of your housing. Also, the demographics of the population. Those are the two biggest components. For example, the older average age of your housing the more CDBG funding you will receive. That factors into it a little bit. There is also the overall federal appropriation. If there is a reduction in that, that could impact us a little bit. This reduction was anticipated. Another factor, is if there are more entitlement cities. When cities reach the population of 50,000 they are eligible to receive CDBG and HOME funding. Not all cities apply for it. This past year there could have been more cities that applied. So, there are many different factors that go into it. At the beginning of the appropriation process, they were talking about zero funding for CDBG and for HOME. So, it’s always a bumpy road.

Greg Lewis: Chris, the engineering demolition. We’re looking at 300 homes over the next three years. We need the engineers there for that to happen. Will the $203,000 be back funded by the $3 million?

Chris Johansen: For demolition for the City, there’s $3 million that’s going towards it. Then they have $400,000 currently in CDBG. That is their funding pool to work with right now. Let me make sure I’m understanding back funded. These dollars go directly for demolition, they don’t go for staff. The engineers are paid out of the general fund. They will charge their time against the project they are working on; we don’t pay a full engineers salary. The other thing we’ve realized with having non-federal money to do demolitions, is that there’s environmental review requirements that come with Federal money. There are a few more hoops to go through with Federal money. The $3.4 million will speed up the demolition process.

Tom LaPointe: In terms of the current budget proposal that the Executive Branch submitted to the legislature, do you have any insight on that? Going forward, given the federal budget year? It reportedly begins on October 1.

Chris Johansen: Every year with this administration, they look to zero out CDBG funding. CDBG funding is very popular for the US Conference of Mayors. They’re a strong lobby from the mayors. HOME has gone back and forth. They’ve looked to zero it out then they have some funding. This is the funding level that I anticipate each year. I think this number is consistent to what we’ll see next year.
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Kelly Kennedy: We’re looking for a motion to approve.

Frank Owens: So, moved.

Marge Ramsey: I second the motion.

Motion approved.

Update on CZB

Chris Johansen: CZB is scheduled for meetings the week of May 20th. They’re getting closer to having a draft plan to circulate amongst the four areas they’re working with.

Board Attendance

Chris Johansen: At the last board meeting, I gave you an update on the board attendance. I got in contact with Russ Cross. Russ is resigning from the NRB. He has retired. I have his email that I will forward to all of you - thanking you for working with him. That is going to be forwarded to the City Council. He was a representative of the Greater Des Moines Partnership. We don’t have a strong tie with them, so that seat will probably remain vacant as we move forward.

Board Liaison Updates

Polk Co Housing Continuum:

Marge Ramsey: We had a speaker who was an Access to Justice Coordinator with the Iowa Judicial Branch, Department of Human Rights. She discussed civil protective orders and domestic sexual violence. She works in Human Rights and she’s a counselor for three counties. She discussed the parameters involved when filing a protective order. One of the parameters is they are either married, separated, or divorced. There’s an advocate from Children and Family Services, who’s in the Court House all day to help those people. The speaker explained the process for domestic violence victims. If anyone wants to read it, I have a copy.

Rebuilding Together:

Kelly Kennedy: There was no meeting.

Housing Services Board:

Greg Lewis: There was no meeting. We had no action items.

Neighborhood Finance Corporation:

Marge Ramsey: We discussed NFC property reports, quality control, Cedar Rapids and Omaha LIFT program, and there was an update on the CDB. We had some slight changes to the bylaws.
Kelly Kennedy: Does anyone have any other business?

Tom LaPointe: I found this Des Moines Register article entitled “Des Moines Needs 11,848 Affordable Units for Low Income Renters.” Is there someone who can make a presentation on this? I don’t know how you close the gap on 11,848 affordable units of housing in Metro Des Moines.

Chris Johansen: Many times, those numbers are sighted from the Polk County Housing Trust Fund (PCHTF). I could ask Eric Burmeister from the PCHTF to give us a presentation. He does discussions on this topic, especially with a lot of the data behind it. The other thing that adds to it is that rents are increasing and increases in housing prices.

Kari Warren: A lot of times neighborhoods don’t want affordable housing units built in their neighborhood. They fight it. So, where do these people go? Where do they build them?

Chris Johansen: Eric talks a lot about that too. He’s over all of Polk County. One of the things he talks about is how do you disperse affordable housing throughout the county; which is a bigger issue than affordable housing in certain parts of town. The numbers are staggering and he has it broken down by population and by income.

Leslie Berckes: As a new member of NRB and not having the background, I love having the informational sessions. I’m curious how we can move the needle on things as a board. It would be great to have Eric come speak but without us setting goals, or a plan, to make recommendations, then I don’t see the point.

Tom LaPointe: You brought up a good point, but to take a next step to change anything, you need to be informed. I recognize that we don’t have the power to tax, or to authorize expenditures, other than to approve what is available to us as it relates to this most recent motion. But we might be able to move something forward at some future date and time.

Leslie Berckes: My comment was about how do we set goals, or do something after the information session. After Eric tells us about the issues with affordable housing, how can NRB make a recommendation to the Council, to the City staff to make something change?

Greg Lewis: We are a board by ordinance and our main function is recommendation to the City Council. This information that I learned about NFC, that I didn’t know, I’ll take it back to my neighborhood. I’m probably going to invite Stephanie to speak at our neighborhood. The idea is to funnel this down. If you look at the eastside, out on Hubbell Avenue, for example, there are no sidewalks, no grocery stores, no services. Someone would come to me as part of this neighborhood board and say hey we need to look at this in a different way. Instead of a contractor throwing up a massive complex or storage unit, we need to
look at it at a bigger scope as a community. Maybe hearing from Eric, we can come up with something that we can take to the City Council.

Kelly Kennedy: I think the big thing is that this board doesn’t have any authority. We’re more of a firewall to the City Council. But Chris has talked before about there being more things coming from City Council that this board will be doing.

Greg Lewis: One of the things Chris and I talked about is training. Basic training for our neighborhoods, like how to run a meeting.

Frank Owens: Isn’t that what these presentations have been for us? They’ve been basic training, so that we have an idea on how to make those recommendations. Then we can reach a position where we look at the City and present our ideas to them. For example, some agencies that give money, like NeighborWorks gives money to NFC, they require that NFC give these 8-hour programs on homeownership and how to do homeownership. For NFC to do that it requires a change in staff and a lot of other funds that must be utilized. But if HOME Inc is doing that and capable of supplying that, then they use HOME Inc. So, NFC has stopped doing that. There are efforts being made to coordinate and consolidate some of these things, but to make those recommendations you should know who all the players are and how those puzzle pieces fit together.

Greg Lewis: I’ve been involved in local politics since 1975. At the same time, I understand Leslie’s need to say what can we do. I love the Front Porch project on Holcomb Avenue, right by Eagle Iron Works. That is a wonderful idea. That’s a neighborhood. That’s a community. But at the same time, there’s nothing there – no services, no transportation. We can say to the City Council that we had a presentation by Polk County and we think this ought to be happening.

Frank Owens: Maybe we as a group decide that we go through these and at the end of the year, we have enough information to select our pilot project. One to start with.

Leslie Berckes: Referring to your point, how do we take that information and create a plan moving forward? Maybe checking in every 6 months and picking what we thought was most important or pertinent or helps move the needle in some areas.

Greg Lewis: What would you suggest?

Frank Owens: Maybe we review ourselves at some point.

Tom LaPointe: I think that’s a great idea. About a year ago, someone was writing our eulogy. This is a good conversation. We can come back once we meet with the City Council to determine the future of NRB.

Frank Owens: Now that this has come up and we’re at the end of our
meeting, do we want to put this on the agenda for next month and maybe think about it in between? Think about ways that we can move forward, in terms of growth for this organization. And begin to think about our future direction. Seems like we need to resurrect all of this and it needs to go back to Council again.

Kari Warren: I think it’s a matter of learning what the City’s limitations are, because the City can’t tell a property owner who they can sell it to. One thing that I think we could look at is how do they permit so many storage units to be built in this certain area (mile radius)? Is there not a limit to how many per residents? We need to learn those things.

Frank Owens: I’d like to make a motion that we table this discussion. Think about it. Make it an agenda item for our next meeting. And everybody come prepared to discuss it. You can only spend 5, 10, 15 minutes on it. That’s my motion.

Tom LaPointe: I’ll second the motion.

Kelly Kennedy: We have a motion to table it. And a second.

Motion Approved

Chris Johansen: I will invite Eric Burmeister to the next meeting.

Adjourn the Meeting

Motion to Adjourn: Greg Lewis; Seconded by Frank Owens

Motion carried (7-0)

Meeting was adjourned by consensus by Kelly Kennedy at 6:40 p.m.