

# **Jacksonville**

## **Community Development Block Grant Program**

**Neighborhood Revitalization Strategy Area**

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**Introduction:** The Neighborhood Revitalization Strategy Area (NRSA) is a program created in 1996 by the U. S. Department of Housing and Urban Development. The program is designed to allow Cities to determine strategies for revitalizing an area that is among the community's most distressed. Through this initiative, Community Development Block Grant (CDBG) entitlement communities may define a Neighborhood Revitalization Strategy Area (NRSA) that meets the threshold for low to moderate income (LMI) residents and is primarily residential in nature. Within an approved NRSA the City is then allowed greater flexibility in the use of CDBG funds in undertaking economic development; housing, and public service activities.

**Benefits:** Areas of enhanced regulatory flexibility include:

- a) **Job creation or retention:** Efforts focused on the selected neighborhood may be classified as meeting the LMI area benefit national objective requirements. Businesses that receive such assistance need not track the specific income of newly hired employees to demonstrate LMI benefit.
- b) **Aggregation of housing:** Units for which CDBG funds are obligated during each program year are treated as a single structure. This allows for at least 51 percent of the total number of units assisted to be occupied by LMI household. This provides greatly flexibility in providing housing to residents of the NRSA. However, this does not change the requirement that homeownership assistance provided under 570.201(n) must be provided only to LMI households.
- c) **Aggregate Public Benefit Standard Exemption:** Economic Development activities carried out in the NRSA may be excluded from the aggregate public benefit standards. This reduces recordkeeping requirements and allows greater flexibility in selecting and implementing economic development activities, and reduces the amount and scope of information that grantees must collect and document regarding its programs. However, projects are still subject to the individual/project public benefit standards.
- d) **Public Services Cap Exemption:** All public services offered within the NRSA and carried out as qualified projects under the NRSA ***by a Community Based Development Organization (CBDO)*** are exempt from the public services cap.

**Neighborhood and Demographic Criteria:** In September 2008 the City of Jacksonville adopted the Downtown Master Plan. Within the boundaries of that plan the City would like to strategically focus on a residential area bordered by Court Street, Newberry Street, Ford Street and Poplar Street (Map A). This area is located within Census Tract 18, Block 2 comprised primarily of single-family residential units. According to the 2000 Census this census tract has a low and moderate income percentage of 50.8%. The NRSA has a high concentration of African Americans, approximately 99 percent, compared to 35 percent within the entire census tract. Since the area does not meet HUD's definition of a low to moderate income area, a neighborhood survey was conducted. Door-to-door surveys were conducted in September/October 2011. Of the 15 occupied units in the neighborhood staff received responses from 12 of them (80 percent). Of the 12 surveyed 10 or **83 percent** responded that they earned less than 80% of the Area Median Income (AMI). There were only three households with children and the average age of the head of household was 54 years old.

Analyses of housing tenure indicate that 80 percent of the units in the NRSA are renter-occupied. The units in the NRSA were built between 1930 and 1953. A windshield assessment of the housing stock reveals that many of the units are substandard with the majority of the vacant structures being dilapidated. The area includes two churches and four mobile homes.

**MAP A**



# of Vacant Lots	# of Units	Occupied	Vacant	Surveyed	Percent Below AMI
15	26	15	11	12	83%

**Community Consultation:** The City of Jacksonville's community development planning process is designed to encourage maximum citizen participation and input, as required by 570,704 (a)(s)(i), in the development of the five-year consolidated plan and annual action plans. As part of the five year consolidated plan and 2009-2010 annual plan process, City staff conducted three community input meetings on December 9, 2008, December 11, 2008 and December 16, 2008. A needs assessment and a survey were also completed, with a 95% response rate. A public hearing was also held on May 5, 2009. During the 2010-2011 annual action plan process, two community input meetings were held on December 10, 2009 and December 14, 2009. A City Council workshop was held on January 26, 2010 and September 28, 2010 were the concept of CDBG funding being used in targeted areas and subsequently the Downtown Target Area were approved. A public hearing was held on May 5, 2010. As part of the 2010-2011 annual plan process, one community input meeting was held on December 2, 2010 and a public hear was held on April 5, 2011. The five year plan and each annual action plan also provides for a 30-day public comment period. In addition, during the development of the Downtown Master Plan various forms of citizen participation were used as follows:

- Saturday, March 24, 2007 – Walking Tour of Downtown Jacksonville
- March 26, 2007 to March 29, 2007 - Planning and Design Charrettes

Local media, G10, emails, direct mail and postings on the City's website were also used. A public hearing on the Downtown Master Plan was held on September 7, 2007 and adopted by City Council on August 19, 2008. A copy of the full plan may be viewed at <http://www.ci.jacksonville.nc.us/Residents/Zoning/The-Downtown-Master-Plan.aspx>. The Downtown Target Area and a Section 108 Loan application were included in the 2011-2012 planning process. The Annual Action plan was approval by City Council on April 5, 2011.

**Assessment:** The City of Jacksonville has been engaged in the revitalization of the downtown area since 1998. Businesses have moved out of downtown and abandoned buildings remain. Housing that was once historic in nature are now dilapidated and abandoned. With the loss of business and decline in the housing stock there is a negative image of downtown. The Downtown Master Plan specifically calls for the City to "*identify vacant parcels and distressed areas that lack any historical value in the neighborhoods. Allocate government resources to aid the private sector in these areas' redevelopment opportunities.*" The plan further directs the City to "*stabilize fragile/threatened neighborhoods adjacent to downtown, such as the Court Street and Kerr Street areas. ...Currently, rental units comprise a considerable proportion of all downtown properties. Generally speaking, renter-dominated areas tend to have lower home values, higher turnover and higher crime areas.*"

In response to the needs identified in the Downtown Master Plan, the City has begun to focus on the most distressed areas, the **Downtown Target Area**. As mentioned above this area consists of 26 structures of which 15 (57%) are occupied. Since the area does not consist of an entire block group we are unable to determine the unemployment rate. Within the downtown target area there are no businesses. Based on the information provided during the door-to-door surveys we do know that the rents are extremely low in the area and several of the households receive Section 8 assistance. The housing stock is extremely poor with the majority of them being dilapidated. There is limited economic development activity in the downtown area at large.

Economic **opportunities** for the area include the City's effort to apply for a Section 108 loan. Opportunities also include the implementation of a Public/Private Partnership with local builders designed to focus on affordable housing. This strategy is consistent with the Downtown Master Plan as well as the Five Year Consolidated Plan. The redevelopment of this area will improve the existing housing stock and draw the interest of homebuyers thereby leading to a renewed interest by and investment by the business community. Revitalization will also contribute to the local tax base as homes will be substantially improved. The City and community stakeholders have already begun to show an interest and investment in the downtown area by undertaking revitalization efforts such as:

- a) Riverwalk Crossing Park – This linear park stretches from the historic Railroad Depot to the LP Willingham Park. This park is home to events such as National Night Out which draws approximately 15,000 to this annual event. Newly constructed homes have been constructed along the park and residents can be seen walking, bike riding and relaxing.
- b) Sturgeon City – The former site of the City's Wastewater Treatment Plant is now home to Sturgeon City. This environmental education centers offers hands on learning experiences to youth from across the state. The Sturgeon City Institutes offer a unique opportunity for a life enriching experience against the backdrop of the successful Wilson Bay Initiative, a project helping to restore the habitat of Wilson Bay. Students have the opportunity to learn about leadership, science, media, biology, chemistry, engineering and physics through Institute programs. Instructors and guides are specifically chosen because of their subject knowledge, their concern for the community and their experience with students. This program brings students, parents and other to and through our downtown.
- c) Onslow County Jail – Onslow County is currently constructing a new jail which is slated to open in July 2011. This facility is within walking distance of the project site. As a result of the redevelopment of this target area, new and existing employees will have an opportunity to purchase homes near their workplace.
- d) Public Safety Complex - The City of Jacksonville is in the process of designing a new Public Safety Complex at the entrance to downtown. To make way for this project, demolition of several structures has been completed. A street realignment project will also be incorporated as part of the project resulting in improved access to downtown.
- e) New Housing Construction – Private sector builders have already begun to construct new homes in downtown. The design of the homes repeat the historical character of downtown and recent sales demonstrate the communities desire to relocate downtown. It is our desire to continue these efforts through the redevelopment of the target area.

- f) St. Julia AME Zion Church – St. Julia AME Zion Church demolished their former church and constructed a beautiful new sanctuary on their site. Their desire to remain downtown was demonstrated by their multi-million dollar investment in the community.
- g) Beirut Memorial – This memorial serves as the anchor into our downtown and draws thousands each year. The Museum of the Marine, Montford Pont Museum and other memorials are planned to be constructed on sites leading into our downtown.
- h) Freedom Foundation – In support of our military, plans are underway to construct a new fountain leading into downtown. The design work has been completed and fundraising efforts are currently underway. This project is expected to bring more tourists into our downtown.
- i) New Office Building – Talks are underway to construct a new office building and a parking lot in downtown.

The City is aware that there may be **problems** that the community is likely to face as it implements programs in the neighborhood. As part of the redevelopment of this target area it is clear that existing tenants will be impacted. It is the City's goal to increase the number of homeowners in the target area. It is the City's desire that for those that may qualify to purchase new homes, they be given priority consideration so that they can remain in the community. However, the City will work with each displaced tenant to ensure that an appropriate relocation package and assistance is provided. However, in the event that a particular unit is not acquired, rehabilitation assistance will be offered to the property owners. This will provide an opportunity for existing tenants to remain in the community. Temporary relocation would be provided during the renovation process. Two common problems expected to occur as a result of implementation of the NRSA include:

- a) perception that the target area is not safe;
- b) identification of qualified homebuyers

Staff is working to overcome these challenges through the use of Community Policing. Staff also provides Home Buyer Education Courses and works closely with local lenders and Realtors to identify potential homebuyers. It is envisioned that as vacant and abandoned houses are demolished and redeveloped and new homes constructed and sold, the above problems will be virtually eliminated.

**Economic Empowerment:** For purposes of this NRSA the City has chosen housing over other revitalization activities such as Economic Development as the Downtown Master Plan reports that promotion of new business is putting the cart before the horse. The downtown area lacks a sufficient resident population, visibility, and traffic to sustain a lively retail environment. Furthermore it states that the key to a successful retailing environment is a function of two primary factors: a sufficient population within 1-3 miles and traffic generated by a series of anchors to draw people to the area. New housing will bring the people and cultural attractions such as the Beirut Memorial and Sturgeon City will attract tourists to the area. As a result, retail and other economic development activities will follow. In the meantime, the City will work to increase economic empowerment within the NRSA by implementing the following strategies:

- a. Partnering with local organizations to offer **Financial Literacy & Credit Counseling** workshops.
- b. Promote **Micro-Enterprise Lending** opportunities.
- c. Ensure that local builders advertise **Section 3** employment opportunities for local residents.
- d. Organizations such as **NC Job Link Career Center** will be contacted to provide information and resources on accessing meaningful employment.
- e. Ensure that business owners are aware of programs such as the **Building Reuse and Restoration Grant Program** offered by the **NC Rural Center**. This program provides grants to businesses that agree to rehabilitate abandoned buildings and create new jobs.
- f.

**Performance Measures:** The primary focus of this NRSA is the revitalization of a primarily residential neighborhood with a focus on elimination of slum and blight through the demolition and redevelopment of affordable and market rate housing. According to Zillow.com, **market data** reveals that as of October 7, 2011 there were 1,841 homes for sale in Jacksonville, NC (includes portions of Onslow County), with 1,215 being recently sold. A further review of homes priced at \$150,000 or less, built in 2011, reveals that there were only **34 new construction** homes currently on the market with three (3) being recently sold. It also appears that only **two (2)** of those homes were actually in the city limits. A comparative analysis of homes listed with Century 21 found **25 new construction** homes currently on the market with only **one (1)** located within the city limits. For households earning less than 80 percent or less of the AMI, their choices for new affordable homes in the City is limited.

The City has four non-profit organizations with capacity and experience that would be interested in participating in the construction of single-family homes in the area. However, there are for-profit developers who have also expressed an interest in this area. The City has entered into a Public/Private Partnership with qualified builders for the development of single-family homes to be constructed using a unified development theme. This project would be part of the City of Jacksonville's Clean and Green Initiative. Under the Public/Private Partnership the City would provide the lots, with the builders providing homes as speculative development homes. Fifty-one (51%) percent of the potential homeowners must meet the City's standards for low to moderate income with the remaining forty-nine percent (49%) potentially being higher income households. The City will hold a second mortgage on each lot with the second mortgage being forgiven over a ten (10) year period, provided the homeowner meets all conditions of the loan requirements. Participating builders will be required to secure their own construction financing with all homes meeting minimum specifications as established by the City. Currently there are four (4) builders participating in this Public/Private Partnership and are in the process of constructing new homes in the target area.

The City also has three additional lots that will be made available for housing construction. We are confident that there will be sufficient capacity to carryout the redevelopment of the target area. During the five-year strategy period the City will seek to acquire, relocate and demolish dilapidated units as follows.

Strategies	Outcomes
<b>Acquisition</b>	Acquire 35 deteriorated and dilapidated structures
<b>Relocation</b>	Relocate 15 households into safe, decent and affordable housing
<b>Demolition</b>	Demolish 15 dilapidated structures
<b>Redevelopment</b>	Through the Public/Private Partnership redevelop 35 mixed income housing units
<b>Homeownership</b>	Provide 18 residents with down payment assistance

New homes will be **marketed** through the Community Development Division. This division has a track record of successfully constructing and selling homes to low and moderate income households. Attendance and completion of an eight (8) hour Home Buyer Education course will be required. These courses are currently offered six times per year and help to identify potential homebuyers. The houses will also be marketed using our network of local realtors and lenders. In addition, presentations will be made to City and County employees, and citizens participating in the Housing Choice Voucher program.

**Funding the NRSA:** To support the NRSA, the City has applied for a Section 108 loan in the amount of \$1,865,000. There are currently 35 parcels in the NRSA that are proposed for redevelopment. A portion of the City’s annual entitlement funding will also be used to support activities in the NRSA. Details will be provided in future Annual Action Plans.