# Preliminary Toolkit for Fargo's Core Neighborhoods

A draft set of tools is emerging during Phase 2 of the planning process that builds from the work of Phase 1. This emerging toolkit has two parts: one part (A) that identifies interventions for specific issues and problems, and another (B) that identifies existing strengths that should be viewed as tools for advancing neighborhood health.

This toolkit summary provides an overview of these two parts (see below), a more **detailed look at the work of defining problems and interventions** around the major issues (see following pages), and some **questions to discuss** in committee meetings during the week of August 17th (see final page).

***Tools that solve specific problems*** *reinforce each other and make existing strengths stronger*



***Existing strengths,*** *if maintained, increase the potential effectiveness of other tools*

## PART A ISSUES AND INTERVENTIONS

**Potential Programs and Policy Tools to Address Specific Problems**

A series of **key issues were identified during Phase 1** of the planning process through data analysis and stakeholder input. Those issues have been further explored to define specific problems that need solving and the interventions that would most effectively address those problems.

### 1 Homes in need of repair or updating

**TOOLS**

- Owner-occupant home improvement program
- Home turnaround program

### 2 Conditions and quality of life impacts of rental housing

**TOOLS**

- Apartment building revitalization program
- Expanded rental inspection system

### 3 Uneven levels of resident leadership capacity and engagement

**TOOLS**

- Expanded residential leadership development tools

### 4 Busy arterial streets and one-ways having safety and land use impacts

**TOOLS**

- Corridor infrastructure retrofit strategy
- Targeted redevelopment planning

### 5 Incompatible development and uncertainty in transitional areas

**TOOLS**

- New future land use map for core neighborhoods
- Design standards for base zoning districts

## PART B EXISTING STRENGTHS

**Ongoing Commitments or Strengths to Maintain**

**Strengths and assets in core neighborhoods were also identified during Phase 1.** Continued or enhanced attention to these strengths will be critical to the effectiveness of any additional programs or policy tools.

### Trees and Tree Canopy

Trees and the well-maintained canopy are viewed as important contributors to neighborhood appeal and quality of life.

Continued investments in urban forestry will advance the health of core neighborhoods.

### Schools

Schools are seen as both physical and cultural anchors of core neighborhoods that connect people and add to sense of place.

Investments in facilities and programs will help neighborhoods and their housing compete for young families.

### Parks and Bike/Pedestrian Infrastructure

Proximity to parks and playgrounds is a selling point in most core neighborhoods, as is the sense that most streets are good for walking and biking.

Ongoing investments and updates to this infrastructure will add to the appeal and quality of life of core neighborhoods.

### Character of Housing

From historic century-old homes to newer mid-century stock, the variety and durability of homes in Fargo's core neighborhoods is an important part of their appeal.

Maintaining the character of the housing stock will preserve this advantage.

ISSUE RAISED

# 1 Homes in need of repair or updating

**Related Issues:** Affordability of high-quality housing; neighborhood character; historic preservation

## How did we get here?

When disrepair becomes visible at the scale now apparent in Fargo's core neighborhoods—where one in every six residential properties appears to be neglected and trending downward—it is a sign that disinvesting in older housing has increasingly made more sense than investing in it. Plentiful, newer, and generally affordable options on the edges of Fargo make it easy for households to look past the core when they decide where to put their housing dollars.

If the market doesn't respond to an aging and outdated house by substantially renovating it and making it competitive again to the broader homebuying market, the cost of the house will increasingly reflect its condition and it becomes a source of affordable housing. While this is an important role for the house to play, deferred maintenance is likely to mount over time without intervention. And if homes in disrepair become concentrated, poverty also becomes concentrated.

## Problems to Solve

1. Properties that need the most help (have the most deferred maintenance) tend to be in softer markets where owners often lack both the confidence and capital to make major upgrades.

**Overcoming both a hesitancy and an inability to make large home improvements is a problem to solve.**

### Evidence

Of the 1,500+ properties in the core that are 'slipping' in condition according to the 2020 field survey, 78% of them are located in below average or well below average markets. Those market types coincide with geographies where household incomes tend to be lower.

2. Smaller, harder-to-market properties tend to be cheaper, which can translate to owners with the means to affordably purchase them (perhaps with help) but limited means to maintain or upgrade.

**For these properties, low capacity for owner investment is a problem.**



### Evidence

There are 1,300 2bed/1bath houses in the core (21% of homes). Compared to other common home types, these had the lowest average value ($132k) and the worst average field survey score. They are concentrated in softer markets (see problem #1).

3. While fewer homes in the core's stronger markets are 'slipping', those that are pose a threat to blocks that are relatively stable but require high levels of confidence and reinvestment to stay that way.

**Isolated examples of blight that threaten stable areas are a problem to solve.**

### Evidence

While 'slipping' properties are more concentrated in the core's softer markets, there are still 340 slipping properties in healthier core markets. These properties threaten to dampen confidence and investment on otherwise healthy blocks.

## Interventions *Tailored to These Problems*

### Owner-occupant home improvement program

Address owner-occupied homes in need of repair or updating by having the capacity to plan improvements with homeowners, manage the projects from start to completion, and enter into shared equity arrangements. Focus on high-quality improvements to set high standards.

EXAMPLE

$40,000 in upgrades are planned and carried out at a slipping, owner-occupied house with a "before" appraisal of $140,000. The assisting entity covers up to 80% of the improvement costs (graduated share based on owner income) and is repaid through appreciated value when the house is sold.

SCALE

There are currently 835 owner-occupied homes in the core that are slipping. Directly intervene with 15% over 10 years (125 homes) with an emphasis on clustered properties and distressed homes on stable blocks.

### Home turnaround program

Address absentee-owned properties that are slipping through a two-pronged approach: (1) acquire and demolish highly distressed properties and (2) have capacity to buy and renovate salvageable homes before selling them to owner-occupants.

EXAMPLES

(1) Using code violations as leverage, a highly distressed absentee-owned house is acquired for $5,000, demolished for $8,000, and the lot is transferred to an affordable home builder. (2) Using code violations as leverage, a distressed rental house is acquired for $40,000, renovated for $125,000, and sold for $175,000 to a buyer who agrees to occupy the house for at least 5 years.

SCALE

There are currently 390 absentee-owned single-family homes that are slipping, and 47 are in very rough shape. (1) Acquire and demolish up to 50 of the most distressed properties and (2) acquire, renovate, and resell 50 salvageable properties, targeting blocks where other improvements are being made and slipping homes on otherwise stable blocks.

## Trade-offs

### 'Gets'

- Neighborhoods and blocks get a confidence boost and improved image as slipping properties are addressed
- Problem properties are improved or otherwise addressed before they become more expensive problems for the community to deal with
- Homeowners who are willing but not able to make major repairs/updates get improved homes
- Absentee-owned houses stuck in a downward cycle get corrective intervention

### 'Gives'

- **Capital** to acquire properties and/or make improvements

  Owner-occupant home improvement program: Approximately $6 million over 10 years that would be gradually (and perhaps only partially) recouped at sale

  Home turnaround program: Approximately $2.25 million that would be recouped (perhaps only partially) at sale or transfer

- **Management capacity** to proactively find projects in strategic locations and oversee multiple projects simultaneously
- **Patience** to intervene at a steady pace over a decade

ISSUE RAISED

# 2 RENT Conditions and quality of life impacts of rental housing

**Related Issues:** Affordability of high-quality housing; neighborhood character

### How did we get here?

Rental housing is a significant part of Fargo's housing supply (56% of all occupied units) and has been for a long time. As with owner-occupied housing in Fargo, plentiful and largely affordable options—especially of newer units—has contributed to disinvestment in some older rental properties. An older and outdated apartment rents for less than its more modern competitors, which makes them affordable—but it also limits reinvestment into the property and can lead to degradation over time if market or other forces fail to intervene.

The renting of single-family houses is generally not a viable business model. It becomes viable if acquisition costs are low (due to declining condition or unfavorable location) or if the market can bear high rents. Around NDSU, the skewing of rents by the student market makes this practice both viable and lucrative.

## Problems to Solve

1. Gross rents in Fargo are too low—and the supply of newer, more competitive rental properties too large—for the market to upgrade aging apartment complexes at a desirable pace, leading to downcycling and gradual deterioration of conditions and standards in many pre-1980s buildings.

**Limited financial motivation to upgrade aging apartment complexes is a problem to solve, as is the preservation of affordability that their units likely provide.**

### Evidence

Median gross rent in Fargo in 2018 (rent inclusive of utility costs) was $796, or 22% lower than the national median.

Rental units in properties with 5 or more units account for 49% of all housing units in Fargo compared to 18% in the U.S.

Of the 286 apartment buildings in the core, 20% are slipping in condition according to the 2020 field survey – these tend to be older properties (86% built before 1980) with fewer units and 20% lower value per unit than apartment buildings in excellent or good condition.

2. Once single-family homes decline to a certain price point in the core (generally below $130,000, but higher closer to NDSU), their feasibility as investment properties rise and investors out-bid the owner-occupant competition (households making under $50,000). Some receive upgrades/updates and get successfully flipped, others become rentals that don't receive the investment needed to shore-up confidence on blocks where homeowner interest has likely been waning.

**Making such opportunities less appealing targets for rental investors and more likely to appeal to homebuyers are the twin problems to solve.**

### Evidence

16% of single-family homes in the core are absentee-owned. These properties, on average, are 10% smaller, worth 17% less, and in noticeably worse condition than their owner-occupied counterparts. While this is most concentrated around NDSU, where student rentals skew the market, single-family rentals have been on the rise in many other parts of the core.

## Interventions *Tailored to These Problems*

### Apartment building revitalization program

Overcome limited financial motivation to overhaul properties by covering 50% of the per-unit renovation cost if the work is completed to required specifications and 25% of the building's units remain affordable at 50% of Area Median Income (AMI).

EXAMPLE

A slipping property with 8 units undergoes a comprehensive rehab, with the owner spending $320,000 (an average of $40,000 per unit), inclusive of mechanicals, roof, exterior, and common areas. The owner gets reimbursed $160,000 when the work is completed and approved—and they've signed an agreement to maintain two units affordable at 50% of AMI for at least 10 years.

SCALE

Support upgrades to 80 units (and preservation of 20 affordable units) over 10 years, targeting approximately 10 buildings in areas of strategic significance.

### Expanded rental inspection system

Set clear expectations for rental conditions in Fargo and set a level playing field for landlords through an expanded and more rigorous rental inspection process that is well-communicated to landlords and the wider public and that rewards conscientious landlords.

EXAMPLE

Require rental property owners to obtain a certificate of occupancy for their properties, which would be issued upon completion of an exterior/interior inspection for compliance with the International Property Maintenance Code. Inspections would be required again when the certificate expires (a longer period for landlords in good standing) and when issues of non-compliance are found and require follow-up.

SCALE

Implement citywide, using an inspection fee to help pay for administrative and personnel costs. Identify and incorporate sensible exemptions (such as recently built properties, rental properties where the owner is an occupant, or units occupied by family of the owner).

**Home turnaround program** *from Issue #1 also applies*

## Trade-offs

### 'Gets'

Improvements to rental properties that had been declining and were likely to remain in a condition detrimental to neighborhood confidence

Affordable apartment units in renovated, mixed-income buildings

A citywide rental supply that is well-regulated, with all properties adhering to the same basic standards for public safety and health

### 'Gives'

**Capital** to fund strategic apartment building renovations and secure a share of affordable apartments

Estimated funding requirement for apartment building revitalization program based on scale: $1.6 million over 10 years

**Political will** to devise and implement a more rigorous rental inspection system

**Management capacity** to adequately administer a more rigorous rental inspection system

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ISSUE RAISED

# Uneven levels of resident leadership capacity and engagement

**Related Issues:** Public safety; neighborhood character; City-Neighborhood relations

### How did we get here?

Very often, effective neighborhood organizations (covering entire neighborhoods or consisting of a single block) arise in response to a problem or threat. A cast of individual leaders emerge, relationships are formed and become formalized to some extent, and partnerships develop to take action and advance certain goals. Sometimes this organizing force fizzles after a specific goal has been achieved, and other times it establishes routines that maintain the capacity of neighbors to communicate with each other and manage problems as or before they arise. The exact path a neighborhood takes is unpredictable and very much determined by the issues present and the commitments of individuals.

While much about neighborhood leadership and organizing is unpredictable and transitory , it can be intentionally nurtured to increase the likelihood that leadership capacity exists when it is most needed. Fargo has taken some steps to do this, but could do much more.

## Problems to Solve

Some areas in Fargo's core neighborhoods appear to have relatively high levels of resident leadership and organization. Others have much smaller levels or no readily apparent capacity to mobilize neighbors. This level of unevenness is not unusual and likely derives from a combination of factors, including the perceived need to organize (or lack thereof), levels of owner-occupancy, and resident turnover rates, among others.

The ability of residents to effectively manage neighborhood problems and communicate with City Hall is an important factor in maintaining neighborhood health and resiliency, supporting decision-making and action around such topics as policing, public safety, infrastructure investments, and community development.

**Consequently, cultivating this capacity in neighborhoods where it is currently low—and maintaining it where it is currently high—is a problem to solve.**

### Evidence

Responses to the call for volunteers to serve on committees for this project is evidence of existing levels of engagement and organization (especially comfort/experience in interacting with City Hall). Responses from Hawthorne, Horace Mann, and Roosevelt were indicative of higher levels of interest, engagement, and organization. These are also neighborhoods that have well-formed identities and have been organizing around various issues for years.

For areas with the fewest responses, there seems to be a less cultivated sense of neighborhood identity to rally and organize around separate from the elementary schools. For some of these areas, it is also likely that most residents have not felt a need to engage civically at the neighborhood level or are not certain about how to go about doing so even if the need arose.

## Interventions *Tailored to These Problems*

### Expanded residential leadership development tools

Cultivate and connect a wider base of neighborhood leaders through a combination of complementary tools. These may include:

**Block-level engagement:** Encourage and provide assistance with block parties (potentially using a block party 'wagon' approach) to identify emerging leaders and foster neighbor-to-neighbor relationships. Assist blocks that actively step forward and/or target strategic areas the City is trying to reach. Consider block-level improvement grants in the second year of a block's participation to build momentum.

**Connecting leaders:** In coordination with the Fargo Neighborhood Coalition, organize an annual "neighborhood improvement summit" to bring representatives of more and less organized neighborhoods together to learn from each other, build relationships with staff from key City departments, and learn about/inform City operations. (Build off of Police Department's annual picnic). After the first year, maintain momentum via quarterly workshops on 1-3 topics.

**Facilitation capacity:** Create a dedicated 'neighborhood coordinator' position to facilitate residential leadership development with customized one-on-one assistance while aiding other core neighborhood improvement efforts.

**Brand/image activities:** Where there is interest and capacity, offer small grants and technical assistance to implement brand concepts developed during the core neighborhoods master planning process. Showcase early adopters to encourage future participants to do the same (assuming they've developed greater capacity in the meantime).

## Trade-offs

### 'Gets'

- Small problems get addressed by effective neighborhood leadership before they get worse and require City intervention
- Talent and knowledge already embedded in Fargo's neighborhoods is put into action more routinely
- 'Institutional knowledge' in neighborhoods is nurtured and maintained in ways that make future partnerships more seamless and effective

### 'Gives'

- **Funding** to support small projects and grants that elicit and reward neighborhood teamwork
- **Management and personnel capacity** to help facilitate small projects, coordinate leadership training, and provide one-on-one assistance to neighborhood leaders
- **Patience** to work in ways that slowly develop capacity, trust, and meaningful working relationships

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ISSUE RAISED

# Busy arterial streets and one-ways having safety and land use impacts

**Related Issues:** Infrastructure improvements and modernization; public safety; neighborhood character

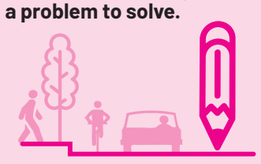
### How did we get here?

When most of Fargo's core neighborhoods were built in the early-to-mid 20th Century, Fargo was a much smaller city with far fewer cars. As the city and traffic volumes grew, major streets were re-engineered to better accommodate the efficient flow of cars (something that happened in every American community). Cities are now a full generation into rethinking these practices, and Fargo is no different. While some major roads have been thoughtfully redesigned, many in the core are still stuck in a mid-century model that feels unsafe to pedestrians and bicyclists and detracts from neighborhood character.

## Problems to Solve

1. The arterial roadways that traverse or form boundaries between core neighborhoods have a tendency to seem like barriers. A combination of factors – vehicle speed, volume, and noise among them – can make them feel unsafe or unpleasant to users (pedestrians, bicyclists, and even drivers).

**The design and function of these roadways (and of the overall network they form) is a problem to solve.**



### Evidence

These concerns have been expressed by project committee members and by the broader public through the online survey during Phase 1.

Traffic counts from NDDOT show several corridors in the core with at least 10,000 and upwards of 20,000 vehicles per day.

Observations confirm that modern traffic calming techniques (especially those using physical design to influence driver behavior) are generally absent along major corridors in the core.

2. The same factors that can make the arterial roadways feel unsafe can also make them unpleasant to live on or next to. Demand for some uses, especially residential, has declined on some of these corridors over time, leading to disinvestment, declining conditions, and/or transitions to different uses (from owner-occupancy to rental, for example; or from residential to commercial uses that benefit from the visibility and traffic). The result can be a sense of unpredictability about the future of properties along some of these roadways, which can dampen confidence on those streets and adjacent residential blocks.

**Uncertainty and disinvestment stemming from evolving land use demands along some corridors are a problem to solve.**

### Evidence

Just over 550 single-family homes front arterial roadways in the core neighborhoods. 31% of these homes are absentee-owned compared to a 16% rate among all single-family homes in the core.

Recent average sales prices, average assessed values, and field survey scores for single-family homes were all lower, on average, along arterial roadways than in the core as a whole.

Single-family homes within 500 feet of (but not fronting) arterials had slightly lower average sale prices and were slightly more likely to be absentee-owned than similar properties in the rest of the core.

70% of parcel acreage along core arterials is commercial. But there are stretches along 13th Ave. S, 7th Ave. N, 12th Ave. N, University Dr. N, 10th St. N, and Broadway where residential uses dominate or mix with smaller-scale commercial uses.

## Interventions *Tailored to These Problems*

### Corridor infrastructure retrofit strategy

Following the example set by the Main Avenue reconstruction project, treat road reconstruction projects as opportunities to modernize deteriorating infrastructure and create spaces that function well for all users, following Complete Streets principles.

EXAMPLE

Implement road diets and improved ped/bike facilities based on national best practices; evaluate the conversion of University Drive and 10th back to two-way traffic that accommodates multiple modes; install green infrastructure that improves stormwater management and softens the urban landscape.

SCALE

Identify a phased approach to this work, including less expensive short-term fixes for roads that are not due for reconstruction for quite some time.

### Targeted redevelopment planning

Reduce uncertainty and avoid haphazard evolution along these roadways by creating redevelopment or revitalization plans for small areas where disinvestment and land use changes have been happening or are beginning to happen. This creates time and space to inclusively rethink how certain areas along corridors function, how they impact surrounding blocks, and to assemble effective implementation partnerships.

EXAMPLE

A two-block area along a major arterial becomes the subject of a master planning process to determine how best to guide its future based on a combination of neighborhood preferences, market conditions, and goals set forth in related plans. Alongside this planning work, capacity and capital to opportunistically acquire properties is made available to accelerate implementation.

SCALE

Identify two or three areas of top concern or need along major corridors in the core neighborhoods and use them to pilot this approach.

## Trade-offs

### 'Gets'

- Arterial roadways that feel safer and function more safely for a variety of users
- Arterial roadways that do more to contribute to neighborhood character and quality of life than to detract from them
- Areas along core neighborhood corridors that evolve in a guided and predictable manner that align with community goals

### 'Gives'

- **Willingness to adapt** (on the part of drivers and those involved in road design and maintenance) to major roadways that look and function differently
- **Local capital** (augmented by state and federal funds) to ensure that corridor retrofitting happens in a timely manner and aligns with local goals
- **Resources** to both plan and kick-start redevelopment at targeted nodes along major corridors and patience to do this work in partnership with engaged neighbors

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ISSUE RAISED

# Incompatible development and uncertainty in transitional areas

**Related Issues:** Land use and development policies; neighborhood character

### How did we get here?

Cities and neighborhoods change—any effort to preserve a place in amber will inevitably be met with disappointment. While change cannot be prevented, it can be managed and guided in ways that reflect a general community consensus about the pace, nature, and geography of change, as well as the compromises that stakeholders are willing to acknowledge and make.

In parts of Fargo's core neighborhoods where change has been happening the fastest, efforts to fully recognize and reconcile competing goals have often been inadequate, resulting in feelings of frustration, lack of trust, and uncertainty on many sides. Decisions are being made on a regular basis where key stakeholders disagree about which principles and goals should be the basis for a decision—disagreements that go unresolved and carry over to the next decision, and the next.

## Problems to Solve

There are areas within the core neighborhoods where change is happening faster than others, especially adjacent to NDSU and downtown Fargo. This has produced tension, especially in cases where the change involves redevelopment and infill that boosts residential densities or deviates from traditional aesthetics.

Concerns that change has been happening in unpredictable ways and in unpredictable locations have been aired, and this may be having an impact on home buyers and homeowner investment decisions.

**Uncertainty about what can go where and what it looks like is the problem to solve.**

### Evidence

The biggest concerns about unpredictable and incompatible development have been raised in the Roosevelt/NDSU neighborhood, where the majority of new multi-family residential infill projects in the core have been located in recent years (driven in large part by the student market).

Concerns about the design and character of infill projects (including garages, single-family homes, and townhomes) have also been raised in other parts of the core.

The Land Use and Development Code (LDC) Diagnostics work now being performed for the City has found multiple incompatibilities between the current code and goals expressed in Go2030 and numerous other plans.

## Interventions *Tailored to These Problems*

### New future land use map for core neighborhoods

Clarify expectations and make the path of future infill development (especially at higher densities) more predictable by creating a new future land use map for the core neighborhoods. Create the map as part of this planning process and adopt the Core Neighborhoods Master Plan as an amendment of the Go2030 comprehensive plan so that future decisions on land use (from code updates to variance requests) refer to the new map.

EXAMPLE

In the Roosevelt neighborhood, draw a line that serves as a "do not cross" marker for certain forms of residential development and a preventive measure against the continued erosion of single-family owner-occupancy.

### Design standards for base zoning districts

As the Land Use and Development Code gets updated, incorporate design standards into the Code's base zoning districts to control building form (standards for the building envelope, including use of materials, transparency, and overall building articulation).

EXAMPLE

When infill development is proposed (from garages to apartment buildings), such standards would help to ensure that the product hews to good urban design principles. This is not the same thing as architectural standards and would allow any style as long as the building conforms to the design principles.

## Trade-offs

### 'Gets'

- Greater certainty for existing and new property owners, along with City staff and officials, with regard to 'what goes where'
- Certainty that when new development happens anywhere in the core neighborhoods, it will be required to conform to principles of good urban design
- Investment by homeowners and other property owners in areas where uncertainty is currently producing hesitancy

### 'Gives'

- **Patience and discipline** to formalize standards and tools that are broadly supported and then consistently applied
- **Political will** to draw clearer lines and enact standards that will not generate complete agreement from all stakeholders, however broadly supported
- Give up the **perceived flexibility** that comes with (1) not having design standards, (2) maintaining fuzzier expectations about what goes where, and (3) using PUDs (Planned Unit Developments) as a stand-in for more comprehensive land use planning

## PROJECT STEERING COMMITTEE

This preliminary toolkit is still very much in draft form and is being presented to garner reactions and responses that will help to inform future iterations. As you review the content, please keep the following in mind:

- During August, czb is working with City staff to understand the degree to which interventions in this toolkit—especially those related to supporting residential property improvements—overlap with existing programs and capacities at City Hall or other entities. Understanding this will clarify how much of a **gap there is between existing interventions and those that are likely required** to address the issues raised.
- The toolkit that emerges from this planning process **should not be a laundry list** of actions that may or may not be implemented—it should reflect the community's willingness to pay for and use the chosen tools. Discipline and prioritization will be an essential part of honing this toolkit over coming months.
- It will be critical to never lose sight of the fact that the existence of certain tools and programs is not the aim of this work, nor even a sign of success. **The tools need to be used. And when used, they should add up to outcomes the neighborhoods are seeking.**

**Based on this preliminary toolkit, please consider the following questions in preparation for discussions during our August meetings:**

1. Are there major issues or problems to address that haven't yet been articulated in some way by this toolkit? If you think there are, how would you define the exact problem that needs to be solved (be as precise as possible)?

2. Looking only at the interventions identified in this early draft of the toolkit, **do you consider any of them to be "long shots" in terms of their implementability**? If so, why do you think so, and what are the **key barriers to overcome** (financial, political, operational, etc.)?

czb

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