Program Overview

CDBG Downtown Revitalization Program

» Awarded on annual basis; allocation in 2020 is less than 2019, (probably by about $0.9 million - $3.4 million to $2.48 million) due to declining application numbers

» On average, about 5 projects funded per year; 58 funded since 2010

» Projects must meet HUD’s CDBG National Objective of Elimination of Slum and Blight

» Ideally results in highly visible outcomes, but S & B most important

*Buildings with first floor residential not eligible

Impactful Photo Examples (1)
Give Yourself Time, Typically at least 5-6 month process
Due date is July 31st... so time to go is now!
Remember:
- Minimum of 8 Buildings/Addresses for an award of $500,000
- Minimum of 6 Buildings/Addresses for an award of < $500,000
- No minimum number IF it is a landmark/iconic building application - IIA
- No additional (non-grant) construction allowed on project buildings from date of submittal until end of project contract... typically, 2.5 - 3 years!
- Only fronts and readily visible sides qualify; rear facades very rarely
- July 31, 2020 deadline and then open window IF moneys are left over........... and then fund them as we go

For first time, roof repair is an eligible work item for DTR facades
But, of course, there are limitations:
- Limited to any work performed that is back (inside of) the wall flashing.
- Work to the roof can represent only one element of multiple blighting elements.
- In addition to the roof, there must be a minimum of 2-3 other blighting elements legitimately listed for the façade(s).
- Blighted roof conditions must be described, documented and photographed in the same manner as all other building elements contributing to slum and blight.
- Work related to the roof shall not exceed 40% of the total construction cost of any single façade(s).
- Obviously one roof may cover the interiors of more than one facade be it a front and side of a single structure or a roof spread over several adjacent storefronts. The 40% figure is the total for all storefronts.
“Iconic” Building Awards

» Always been a part of DTR but we want to emphasize it more going forward

» Iconic building? In part, it is a “know it when we see type thing” but must have these characteristics:
  – Physical size or footprint large in comparison to all or nearly all other buildings in the downtown area
  – Being vacant or with clear underutilization of the space
  – Has high visibility from several directions
  – Is generally considered/accepted as a local landmark
  – Displays distinct historical, cultural or architectural features
  – Has strong importance to overall downtown redevelopment efforts
  – Very unlikely that any one city would have more than a maximum of two or three.

Developing A Project

» Applicants need to work with architects from early on
  – Procure architects in advance of an award – but do not sign final design/construction contract until the project is awarded funding
  – Have evaluation criteria
  – Remember procurement regulations: Secure ALL phases at once
  – Application preparation is a pre-award cost that cannot be reimbursed

» Provide property owners with realistic expectations

» Obtain a commitment letter from property owners, (can still change mind)

» Can call on IEDA during process with questions at any time

SLUM & BLIGHT NATIONAL OBJECTIVE
THIS IS FULL BLIGHT:
But This Is Also Blight; but “Light”

Meeting Slum and Blight National Objective

» Step 1: Define the target or project area in core downtown
» Step 2: 25% or more of the buildings in entire area must be in fair to poor condition
» Step 3: The designated area must meet the requirements of Iowa Code Chapter 403:
  - Resolution adopted by City within 2 years preceding application, states:
  - One or more slum, blighted or economic development areas exist
  - The rehabilitation, conservation, redevelopment, development, or a combination thereof, of the area is necessary in the interest of the public health, safety, or welfare of the residents of the municipality

Meeting Slum and Blight National Objective

» In vast majority of cases in Iowa we are talking “Blight Light”
» Identify and describe deteriorating building components
» Provide descriptive photos by element
» CDBG funds can only be used for buildings properly classified as in Fair or Poor condition
» So, Four Main Components for S & B
  - Select downtown area with 25% + blighted buildings
  - Basic inventory form for each/all buildings in Slum and Blight Area
  - Detailed Slum and Blight form for project buildings
  - City resolution meeting Iowa Code 403 and specific area identified (attach map to resolution)
Slum & Blight Documentation

» Slum & Blight summary form incorporated into the project information section in IowaGrants
» Individual building details section in IowaGrants will require following for every building in target area:
  • General individual building description
  • Façade front picture and overall rating
  ❖ CDBG funded project buildings will ALSO need to provide:
    – Building element descriptions
    – Several building pictures: storefront, doors, windows, stairs, foundation, roof etc. with a priority ranking for each and with photos focused on slum and blight items

Summary: For CDBG funded buildings:……..
- Make sure to have a priority ranking for EACH element
- Make sure to have provided descriptions and clear photographs of deteriorating conditions for EACH element
- Make sure to propose improvements to areas of the buildings that you have ranked worst – address the worst first
- No first floor residential usage
- Often can’t get to all elements or all buildings / often the worst buildings are the hardest to get into the program

Good Pictures for Front Façade: Must Include One for ALL Buildings in project Area

Front Façade Picture: entire height and width of building
Bad Pictures for Front Façade

Shows only a portion of the front façade of these buildings

Good Pictures for Documenting Fair & Poor Conditions on Potential CDBG project buildings

Category Picture: Storefront

Good Pictures for documenting Fair & Poor conditions on potential CDBG project buildings

Category Picture: Foundation
Good Pictures for documenting Fair & Poor conditions on potential CDBG project buildings

Category Picture: Windows

Good Pictures for documenting Fair & Poor conditions on potential CDBG project buildings

Category Picture: Masonry; Exterior Wall

2019 Scoring Priorities
Anticipated 2020 Scoring Criteria

» Same as in 2019 EXCEPT “Iconic Building” applications will be assigned the average score of all applications for degree of impact
» Scoring factors or categories all equally weighted
» Each criteria scored on a 1 to 5 scale. Maximum of 45 points for a “perfect” application
» Applications scoring less than about 25 points will probably not be funded
» Applications are evaluated by three persons; scores are averaged
» Geographic distribution across the State is not a factor

2020 Applications

Ten Aspects of the ‘Perfect’ Application:
» First Tier Environmental Review Complete
» Signed agreements with business owners / some money in escrow is bonus
» Architect conditionally procured through final design and construction
» Work activities address clear majority of Fair & Poor buildings, and most individual blighting factors on each building
» A logical, compact target area
» Other sources of committed matching funds equaling 55% or more of total project (over 36% is competitive) / property owners are typically responsible for 20-25% of cost
» Line item bid estimates including deductible alternatives
» Agreement on budget numbers throughout application
» A clear administrative plan outlining management responsibilities
» Demonstrated local support

2020 Applications

Scoring Criteria:
» Degree to which the proposed activity is appropriate for CDBG
» Degree to which CDBG funds will be leveraged by other funds
» Degree of impact the activity will have on the elimination of slum and blight in the target area. This score will calculate % of project facades total number of facades in target area; the higher the percentage, the better. Smaller areas have an advantage with this criteria.
» Degree to which the proposed scope of work addresses identified contributing factors to slum and blight on individual buildings
» Degree to which the scale and scope of the project is appropriate for the CDBG program timeframe (3 years)
» Degree of community involvement with the proposed downtown revitalization efforts
» Degree to which the project meets or exceeds Green Streets criteria
» Degree to which the project is ready to proceed
» Degree to which the project will impact the target area
Cost Estimate Preparation

» Accuracy is vital to a project meeting goals
» Average building cost likely about $60,000 this year
» Err on the high side, but within reason
» CDBG funds can only be used for buildings properly classified in fair or poor condition so costs should rarely be "minimal"
» Keep in mind that historic preservation standards may increase costs
» Make sure that the property owner is "on board" with final cost estimates
» Beware of unexpected or "hidden" costs

Don’t Forget LBP Applicability Costs

» For residential spaces, basically same rules as for the housing rehabilitation program
  - Affects residential units in a mixed-use building
  - Requires testing and interim controls on any residential units for all areas in which painted surfaces will be disturbed
  - Does NOT apply to commercial portion of the structure
  - Applicable residential units are either occupied or readily occupiable
  - Hard costs cannot exceed $24,999 unless building is determined historic
  - The $24,999 is considered per residential unit
  - It is acceptable to subtract out costs that are specifically for commercial improvements, however common spaces must be included 50/50
  - This situation not likely to occur – but could

Role of Historic Preservation
Historic Preservation Items

» Be aware of your community’s historic/cultural assets as well as any existing districts or local rehabilitation guidelines

» DTR encourages historic preservation practices

» If funded, survey and evaluation of all project properties will be required as part of environmental review (Section 106)

» Any buildings deemed potentially eligible for national register must be rehabbed in accordance with Sec. of Interior Standards

» Allow time for this review in your overall project timeframe before bidding

» Contact Ann Schmid of IEDA staff for info and assistance with process: ann.schmid@iowaeda.com or (515) 725-3078

The Role of Property Owners

» Main Features of Best Commitment Letter for Application:
  – Circulate commitment letter templates early on & discuss cash match
  – Acknowledge intended willingness to participate, total cost estimate & financial contribution (percentage of total estimated final cost or a not to exceed figure is best)
  – This letter does not legally bind the property owner

» Don’t promise property owners inclusion in a proposed project too early

» Do not expect construction to begin for a year after contract award

» Convey federal requirements, including:
  – City will hire architect and contractor and will direct those services
  – Davis Bacon prevailing wages will apply / Entire building subject to federal requirements
  – If funded, there will be an easement and construction terms agreement for them to sign

Property Owner Involvement