2019 CDBG Application Workshop
Downtown Revitalization Program

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Program Overview
CDBG Downtown Revitalization Program

» Awarded on annual basis; allocation in 2019 likely much the same
» On average, about 5-6 projects per year; 52 funded since 2010
» Projects must meet HUD’s CDBG National Objective of Elimination of Slum and Blight
» Requires significant coordination between business owners, architects, and grant administrator
» Ideally results in highly visible outcomes, but S & B most important

*Buildings with first floor residential not eligible
Impactful Photo Examples (1)
Impactful Photo Examples (2)
Impactful Photo Examples (3)
2019 Application Cycle

» Give Yourself Time, Typically at least 5-6 month process
» Due date is May 2019; so time to go is now!
» All applications submitted through IowaGrants.gov

» Remember:
  – **New**: Minimum of 8 Buildings/Addresses for an award of $500,000
  – **New**: Minimum of 6 Buildings/Addresses for an award of < $500,000
  – No additional (non-grant) construction allowed on project buildings from **date of submittal** until end of project contract.....typically, 2.5 - 3 years!
  – Prioritization of slum and blight factors required
  – Only fronts and readily visible sides qualify; rear facades **very** rarely
  – 2019 may be unusually competitive
Developing A Project

» Applicants need to work with architects from early on
  – Project experience very important
  – Procure architects in advance of an award – but do not sign final design/construction contract until the project is awarded funding
  – 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

» Architect needs to reference DTR Green Streets Criteria in specs

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

» Can call on IEDA during process
SLUM & BLIGHT NATIONAL OBJECTIVE

THIS IS BLIGHT:
But This Is Also Blight - “Light”
Meeting Slum and Blight National Objective

- **Step 1:** Define the target or project area—area must meet the definition of Slum & Blight to be eligible

- **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
  - 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 buildings will ALSO need to provide:
  – Itemized scope of work and cost details
  – Several building pictures: storefront, doors, windows, stairs, foundation, etc. with a priority ranking for each
  – Photos focused on slum and blight items
» **Summary: For CDBG funded buildings……….**

– Make sure to have a picture for EACH blighted element
– 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
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
Incomplete Written Description Examples

» Exterior Walls & Surfaces
  – Brick in bad shape all over building. Lots of tuck-pointing called for.
  – Looks like there has been some water damage.
  – Wall could use repainting.

» Windows
  – Several windows either broken, missing or probably can’t be opened.
  – Some windows may not be weather tight.
  – Window frames need work.

» Doors & Entry Ways
  – Front door is in bad condition.
  – Recessed entrance way looks old and dirty.
  – Signage dated.

» MUST GET A CLOSE LOOK & GIVE SOME DEGREE OF DETAIL
2019 Scoring Priorities
Anticipated 2019 Scoring Criteria

- 8 scoring factors or categories; all equally weighted
- Each criteria scored on a 1 to 5 scale. Maximum of 40 points for a “perfect” application
- Criteria will, among other things, reflect meeting the national objective (slum and blight)
- Applications scoring less than 25 points will likely not be funded
- Applications are evaluated by three persons; scores are averaged
- Geographic distribution across the State is not a factor
Ten Aspects of the ‘Perfect’ Application:

» First Tier Environmental Review Complete
» Signed agreements with business owners with some money in escrow
» 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
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 facades/total number of facades in target area; the higher the percentage, the better …..so smaller area has an advantage with this criteria. **If a ‘second phase’ target area, you basically cannot overlap.**

» 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
Cost Estimate Preparation

» Accuracy is vital to a project meeting goals
» *Average* building cost may be approaching **$60,000** next 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
  – Asbestos testing or removal
  – Structural problems not readily visible
  – Removal of special wastes
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 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

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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

» Scope of work to be reflected in bid specs for historic buildings must go through IEDA review

» 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:

- Acknowledgement of total cost estimate
- Acknowledgement of financial contribution (percentage of total estimated final cost or a not to exceed figure is best)
- Acknowledgement of applicability of federal requirements such as: historic review; prevailing wage and “no other construction work” (emergency or maintenance work OK)
- Acknowledgement of intent to sign an easement agreement & construction terms agreement if awarded funds
- **New:** Easement term reduced from 7 years to length of grant period – no more than three years total (unless specifically extended)
- Acknowledgement that slum and blight are highest priority
- This letter does not legally bind the property owner
Tips on Communication with Property Owners

» Don’t promise property owners inclusion as a proposed project until you know budget and have assessed all blight

» Circulate commitment letter templates early on & discuss cash match

» Do not expect construction to begin in 2019; plan on first half 2020

» If funded, there will be an easement and construction terms agreement for them to sign

» Convey federal requirements, including that:
  – City will hire architect and contractor and will direct those services
  – Davis Bacon prevailing wages will apply
  – All work subject to Secretary of Interior Standards, (unless not historic)
  – Entire building subject to federal requirements
Questions

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