



GOVERNOR'S
EMPOWER RURAL IOWA
INITIATIVE

Investing in Rural Iowa Task Force Meeting Minutes
Kirkwood Community College
111 W. 3rd. St.
Vinton, IA 52349
Monday, September 9, 2019 1:00 PM

1. Roll Call:

Present:	Lt. Governor Gregg	Sandy Ehrig	Maison Bleam (for Sec. Naig)
	Senator Lofgren	Jim Thompson	David Barker
	Mark Reinig	Nick Sorensen	Tim Ostroski
	Shannon Erb		

2. Approval of Minutes:

Draft minutes from the August 12, 2019 meeting had been previously distributed for review. Hunter made a motion to approve the minutes and Tim seconded the motion, which was unanimously approved.

3. Welcoming Remarks from Lt. Governor Gregg:

Lt. Governor thanked the City of Vinton for hosting the meeting, and sponsors RDG Planning and Design and Ervin Motor Company. Appreciated the tour of school facility, which highlights the value and how we can learn from public-private partnerships. Today's presentation on existing programs for derelict buildings will help in understanding of programs and how they might overlap, how they are funded, common challenges, potential improvements. Challenge to task force to think on how we could streamline, make minor adjustments to eligibility, make it easier for end user, etc. Will determine what recommendations we want to put forth for changes.

Also provided an update on what other task forces are doing and reminded members are invited to all meetings. Friday the Connecting task force is meeting in Iowa City focusing on the importance of broadband in manufacturing and automation. Next Wednesday the Growing task force will be in Manning looking at existing leadership programs to see what scalable, and what role might be can the state and task force play.

4. Remarks by Sandy Ehrig:

The partnership between ERI and the IRDC has helped expand opportunities to provide information on both groups through several recent and upcoming events. Updated members on several upcoming rural opportunities. Presented along with Liesl at the Iowa Finance Authority Housing Conference earlier this month and will be at the Idea Summit in October. Shared that the IRDC quarterly meeting will be held this Thursday focusing on rural healthcare,

and that the 2020 Rural Summit will be held at the Kirkwood Hotel at Kirkwood Community College on April 29-May 1. Looking to have at least 80 communities represented.

5. Rural Innovation Grants Update:

Liesl updated member on progress. The policies and procedures have been drafted and will be distributed for review. No major changes from what was discussed at the August meeting. There is still a 1:1/2 match and a minimum request amount but removed the maximum. Please read and provide input. Excited to look for projects that can be replicated.

6. Housing Needs Assessment Grant Update:

No draft of policies yet. Talking with IFA on the Iowa Profile Tool to see if they can get the information included down to the community level and if possible, the grant monies wouldn't need to be used for assessments but could be on implementation. Communities will need to know how to implement data they receive from tools already available. Mid next year timeline. Will contact subcommittee in next couple of weeks. Looking at same timeline as the rural innovation grants.

7. State Programs Addressing Dilapidated or Derelict Buildings:

Nuisance/Abandoned Property Remediation Program – Ed Basch, IEDA:

A \$5 million fund was established in 2015 for low interest loans to any size city in Iowa for the rehab, remediation or demolition of nuisance buildings. Program underutilized, only about 8 loans provided using \$2.6 million. Application period is ongoing, and they are submitted by the city online at iowagrants.gov. Will accept applications until funds are gone. Designed as a revolving loan program, so loan payments are returned to the fund. No set minimum or maximum loan ask. Have had one loan of \$1 million and two for about half million each, but the majority are around \$150,000 or less. Funds are flexible- can be used on any type structure. Anything except brownfield cleanup. Must have a redevelopment plan of some type for the buildings or vacant land. Interest rates: Cities under 2,000 0%, cities 2,000 – 24,999 1%, 25,000 or more 2%.

Strengths: Easy application and cities can normally complete themselves. No federal requirements.

Weaknesses: It is a loan not a grant; getting cooperation from owners, reinvestment is a challenge; more money available than takers.

Comments/Questions:

Why is there little interest? Loan makes it less attractive.

Some of state laws are difficult for communities to work through, to get to where they might have enough properties to work with on this program (steps to declare property condemned).

Loan goes against cities debt service. \$150,000 is a lot.

LG: What problem were they trying to solve with this program? Doesn't recall a specific project, Debi had been hearing a need for source of funds to take care of delapidated housing.

Community Development Block Grant Housing Rehabilitation Fund – Ed Basch - IEDA

Program helps communities in rehabilitating owner occupied housing. Changes to the program are coming. The Iowa Consolidated Plan that is reviewed every five years is due this November, and major programming changes are determined through the consolidated process. Have been undertaking public outreach for comments and input. Determining how the state spends its CDBG funds is key. Draft due in October, effective Jan. 1.

The Rehabilitation Fund receives about 22% of the whole, which is almost \$24 million. Thinks it is likely the percentage for housing will go up, not sure how much. Some possible changes could include homebuyer down payment assistance and expanded upper story housing. There is a pilot program for upper story housing going on, so they want to make that open and annual. Also specific to rehab, looking at targeting funds for external rehab, helping older lowan age in place.

Strengths: Grant program; no match; community can pick an area to target or it can be community wide; provides direct help to citizens; many decisions are made at the local level.

Weaknesses: Lack of interest from homeowners; only a certain number of contractors that bid on these projects; administering the grant; never have enough money to fund all the applications received.

Comments/Questions:

Are there restrictions on upper story housing? Rental is fine; there will be income limits – 51% of tenants must be low-moderate income; can be used with historic credits – but will decrease the amount awarded.

Is housing outside city limits allowed? Yes, if county is the applicant.

Iowa Department of Natural Resources Derelict Building Grant Program – Scott Flagg, IDNR

Program for towns of 5,000 or less to improve or demo commercial or public buildings. Funded from the Solid Waste Alternative Program. Buildings must be owned or intended to be owned by the city. Can partner with local non-profit. The building cannot be listed on register of historic buildings. The program has \$400,000 available annually starting July 1, with the next round of applications due February 20, 2020. Applications are chosen by a review committee with members from a landfill association, a recycling business, economic development, DNR, and Keep Iowa Beautiful.

Targeting commercial abandoned buildings, looking at environmental issues, asbestos, invasive wildlife, homeless. Program started when the mayor of Seymour wanted assistance with a building that was in major disrepair. Working with his local Representative and the program was created. Since 2011, \$9.5 million has been requested through 243 applications, with 153 projects in 75 counties funded. A total of \$3.7 million was distributed with a \$3.1million cash match, saving \$2.1 million in landfill costs. The goal is to find other uses for the discarded building materials and keep them out of landfills.

Discussed some of the projects they have funded in Malvern (building rehab), Melcher-Dallas (asbestos abatement and renovation). The program is successful and there is more demand than available funding. Applicants not funded do receive feedback on the application and can reapply.

Strengths: Cities can partner together and bid contracts out on several projects which can help lower developer costs.

Weakness: More demand than supply; there are some limitations based on eligibility (size of town); only work with commercial buildings and there is a huge demand for residential.

Comments/Questions:

What was the application break down last year? Received 29 applications, 13 were awarded. \$1.2 million was requested and \$396,000 was funded. Roughly a third. Have been marketing to get word out on program.

Of applications received, how many were high quality but not funded? Twenty of the 29 last year were good, but some really utilized local resources which gives them a better score. The reuse component is important – they have a plan. It's a competitive program.

Is it difficult for rural communities to find reuse contractors? Yes. Northeast and southeast Iowa it is easier, but northwest Iowa struggles. The difference is finding contractors that will separate materials vs throwing it all in a truck. No shortage of renovation contractors except tuck-pointers.

What percentage of cities ask for help? Seven or eight of the last round reached out to local COG, it fluctuates.

Iowa Department of Transportation – Debra Arp

Have provided RISE grants since 1985. Promotes economic development and construct roadways. Have participated in over 85,000 jobs with cities and counties as sponsors. Competitive bid on contracts. Eligible costs can be anything that goes into development of a road. It is a cost reimbursement program. Funding comes from fuel taxes. Awards are determined by the Iowa Transportation Commission. Two types of grant programs are available – Local Development and Immediate Opportunity.

Local Development: 50% RISE grant, 50% local match for speculative projects (such as an industrial park). Applications deadlines are February 1 and September 1. Not contingent on jobs created.

Immediate Opportunity: Up to 80% of cost for non-speculative projects, or up to \$12,000 per RISE eligible job created or retained. Wages are monitored through payroll on a 6-month basis. Applications open all the time.

Pros: Longstanding program with high awareness. Flexible, not a lot of program changes over the years, but have made some changes to airport access. IDOT partners with IEDA on Certified Sites, which can get up to 70% if over 1,000 acres.

Issues: Hiring an engineer is necessary. There are concerns on the match as these are high dollar projects. Cashflow – reimbursement is hard. Eligible development issues – dependent on jobs but can't not at local services and retail which is hard for smaller communities. Job contingencies – they have a development agreement on the project so if they fall short there is a payback. The generational turnover of economic developers requires re-education.

Comments/Questions:

Finds the program flexible to work with, but the issue is tying funding to jobs for the 70% funding is hard for those projects with few jobs.

If a development won't have a lot of traffic, would you look at assisting with rock overlay, and as it gets bigger then go up to concrete? They have discussed but have not done a gravel road as it would require building then tearing out. Some cities don't have capacity to maintain the roadway.

Since funded through fuel tax, would it make sense to have gas stations as eligible projects? They have seen interest in those projects, but there would be too many requests.

Community Catalyst Program - Jim Thompson

Program helps communities with the redevelopment, rehabilitation of buildings. Awards up to \$100,000. All towns incorporated towns are eligible and city must be the applicant and provide financial or in-kind resources but there is no predetermined match. Can also be used for building destruction in emergencies, such as here (in Vinton) where funds were allocated to clean up four properties in downtown that had been destroyed by fire.

No money allocated by legislature; it is carved out of IEDA budget. First year planned on \$1 million originally. Received 90 applications, with 18 viable. Director Durham was able to fund all and two emergency projects. Four million provided for the second year funding 29 applications and two emergency projects. Marshalltown was also awarded \$1 million.

Pros: The program is popular, flexible and applications are getting better each year.

Challenges: The \$1 million cap. There are always more good projects than funding available through IEDA budget.

Main Street Challenge Grants - Jim Thompson

State appropriations of \$1 million to assist cities in historic rehabilitation of buildings in a Main Street District, and the Main Street organization must be the applicant. Requires a dollar-to-dollar match at a minimum.

Challenges: Main Street and the city need to work together to create matching dollars for the grant. Also, the funding cap set at \$1 million dollars is limiting.

Questions/Comments:

What is the percentage of use for upper story development? Catalyst is about 90% and the Challenge Grants are about 2/3. ADA requirement don't normally apply. Other states have allowed residential sized sprinklers however in Iowa, a 4" main is the minimum. Would be nice if this could be addressed.

Is there an order in which a city should apply for the available programs and can you apply to all? Yes, you can apply to all but the order you apply for a program does make a difference. Suggests talking to program managers prior to applying for direction.

8. Public Comment

Senator Lofgren is working on a draft bill for Land Banks and can share the draft when available.

9. Wrap Up and Next Meeting:

The next meeting will be held in Hawarden on October 4th, with details to follow.

10. Adjourn:

Nick motioned to adjourn the meeting, seconded by Mark Reinig. Meeting adjourned at 4:30.