

2023 CDBG Application Workshop Downtown Revitalization Program

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Virtual Presentation

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Topics for Today:

- » Program overview
 - including application cycle dates, building eligibility, target areas, and developing a project
- » Meeting a Slum and Blight National Objective
 - Including steps, application components, definitions, photo examples, and written descriptions
- » Key Elements
 - Including cost estimates, federal requirements like lead-based paint and the historic review, and the role of property owners
- » Application Evaluation
 - Including scoring method and criteria, and common failings

CDBG Downtown Revitalization Program Overview

- » Awarded on annual basis; allocation in 2023 is about \$3.7M
- » On average, about 5-6 projects funded per year; 75 funded since 2009, (plus 18 projects through CDBG-CV funding)
- » Projects must meet HUD's CDBG National Objective of Elimination of Slum and Blight
- » Ideally results in highly visible outcomes, but addressing S & B is the most important
- » Buildings with first floor residential not eligible



Impactful Photo Examples



2023 Application Cycle

- » **Application window opens today – deadline for submittal is end of the day, Wednesday, November 22, 2023**
- » **Remember:**
 - *Minimum of 8 Buildings/Addresses for an award of \$650,000*
 - *Minimum of 6 Buildings/Addresses for an award of < \$650,000*
 - *No minimum number IF it is a landmark/iconic building application -*
 - Generally, no additional (non-grant) construction allowed on project buildings from date of submittal until end of project contract
 - You cannot receive funding for a new DTR if you have an open DTR grant at the time of award (does not include CDBG-CV)

Façade/Building Eligibility Criteria

- » Buildings with first floor residential are not allowed
- » Only **fronts** and readily visible **sides** qualify (visible from driving lane of adjacent street)
- » Rear facades only allowable if a) direct street frontage or complete view from adjacent street and b) have business entrance – RARE
- » Remember there are limitations to roof work:
 - 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 reasonably the same manner as all other building elements contributing to slum and blight.
 - “40%” funding rule no longer in effect as of 2023

“Iconic” Building Awards

- » **What is an Iconic building? In part, it is a “know it when we see type of thing”, but must have all or most of these characteristics:**
 - Physical size or footprint larger 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 non-entitlement city would have more than one or two

Target Areas

- » All participating buildings must be located within a “Target Area”
- » The project Target Area should be included in the designated urban revitalization area, established via resolution of governing body of applicant
- » Target Areas do not have to be contiguous, but should still be basically rectangular in shape and must still be fully within a community’s core downtown area
- » Target Areas from previously funded applications can be re-used, but
 - Target area as whole must still meet 25% minimum slum and blight percentage, and
 - Buildings that previously received funding can most often NOT be the recipient of funds a second time and can NOT be counted as blighted towards the 25% a second time (*some exceptions possible –ask*)

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 to pick the best candidate, then negotiate price
 - Remember procurement regulations: Solicit ALL phases at once; publish the RFQ in the newspaper!
 - Application preparation is a pre-award cost that cannot be reimbursed
- » Provide property owners with realistic expectations
 - Re: timing, budget, construction limitations on their building, etc.
 - Obtain a commitment letter from property owners (but they can still change their minds later)
- » Identify slum and blight as well as a plan to address it (see next slides)
- » Applicant can call on IEDA during process with questions at any time

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 target 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
 - OR target area can be part of an already existing Urban Renewal Area – but show us where it is in URA, (map)

Meeting Slum and Blight National Objective

- » Identify and describe deteriorating building components
- » Provide descriptive photos by element
- » Remember that CDBG funds can only be used for buildings properly classified as in Fair or Poor condition

- » So, Four Main Components for S & B
 1. Select downtown area with 25% + blighted buildings
 2. Basic inventory form for each/all buildings in Slum and Blight Area
 3. Detailed Slum and Blight form for project buildings
 4. City resolution (no older than two years) meeting Iowa Code 403 and specific area identified (**attach map to resolution**)

What is Blight?

» Let's talk about what blight is... and what it isn't...

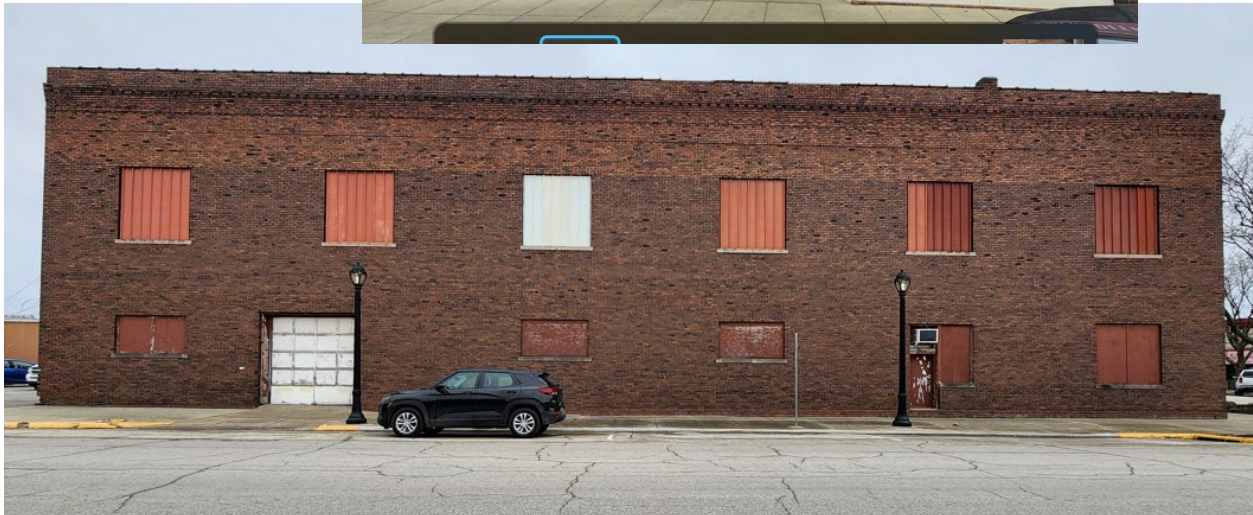
<ul style="list-style-type: none">• Deterioration/dilapidation• Decay• Broken• Missing• Environmental contamination• Damaged• Structural issues• Public health and safety concern (faulty wiring, falling plaster)	<ul style="list-style-type: none">• “Approaching end of useful life”• Energy inefficient• “Outdated/non-historic paint scheme/design”• Old• Ugly• “Likely” ...• Anticipated/future blight• Slipcovers
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SLUM & BLIGHT NATIONAL OBJECTIVE

THIS IS CLEAR BLIGHT:



But.....This Is Also Blight; “Lighter” Blight



Slum & Blight Documentation

- » “Slum & Blight Summary” form is found within the Project Information section in the IowaGrants application
- » Individual building details section in IowaGrants will require the 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
 - A priority ranking for each, focused on slum and blight items

Individual Building Detail on lowagrants.gov

» For buildings proposed for CDBG funding:

- Make sure to have a priority ranking for EACH blighted element
- Make sure to have provided descriptions and clear photographs of deteriorating conditions for EACH blighted 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 bad elements or all bad buildingsbut need to get clear majority of both

Good pictures for general front facade: 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

Good Written Description Examples

» Exterior Walls & Surfaces

- Brick work, primarily on second story, showing **discoloration**, face **deterioration** and **missing or crumbling** mortar. Some bricks appear to be **loosening and out of alignment**. Others are **cracked, chipped, or pitted** and much of paint cover has **worn off**. A degree of **bowing** has been noted on the exterior wall of the first floor. Lintel appears to be **sagging** and beginning to **lose structural integrity**. Cornice in need of cleaning and **restoration** of NE end decorative elements.

» Windows

- A total of four windows on second floor are **missing** and openings have been **filled in with plywood** that is beginning to **rot**. Two other windows are clearly **not operational**. Upper sash on one second floor window is **cracked**. All window frames also showing signs of **rot**. First floor windows showing **moisture damage**; need to be **resealed – caulking and weather stripping**. Transom windows covered with metal panel that exhibits significant **rust**.

Cost Estimate Preparation



- » Relative accuracy is vital to a project meeting goals
- » *Average per facade* building cost next year; up to \$75,000?
- » 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, as well as radon mitigation and BABA (two new requirements)
- » Make sure that the property owner is “on board” with final cost estimates, and that they are aware of the possibility of unexpected or “hidden” costs
- » Note that building owners cannot work on their own buildings
- » Can have relatively high contingency, but don’t get too excessive

Don't Forget LBP Applicability Costs

- » For residential spaces, same rules as for the housing rehabilitation
 - 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 – regardless of cost
 - 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 – If it does **full abatement** is required!
 - 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
 - The full abatement situation not likely to occur – but could. We will be monitoring for compliance as applicable.

Role of Historic Preservation



Historic Preservation Items

- » Be aware of your community's historic/cultural assets as well as any past surveys (good for 5 years) and existing districts or local rehabilitation guidelines
- » DTR encourages historic preservation practices, assuming they are on the basis of eliminating blight.
- » If funded, survey and evaluation of all project properties will be required as part of a Tier II Environmental Review (Section 106). General release of funds letter alone does not allow work on any project buildings
- » Any buildings deemed potentially eligible for national register must be rehabbed in accordance with Sec. of Interior Standards
- » Tier II review will also include a final slum and blight review
- » Allow time for these reviews in your overall project timeframe before bidding
- » **Contact Robert Jonet of IEDA staff for info and assistance with process: robert.jonet@iowaeda.com or (515) 348-6205**

The Role of Property Owners



Property Owner Involvement (Pre-Award)

» Main Features of Owner Pledge Letter for Application:

- Acknowledgement of total cost estimate
- Acknowledgement of eventual financial contribution (percentage of total estimated cost and/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”*
- Acknowledgement of post award easement agreement
- Acknowledgement that slum and blight are highest priority
- We can provide letter samples if need be
- **This letter does not legally bind the property owner**

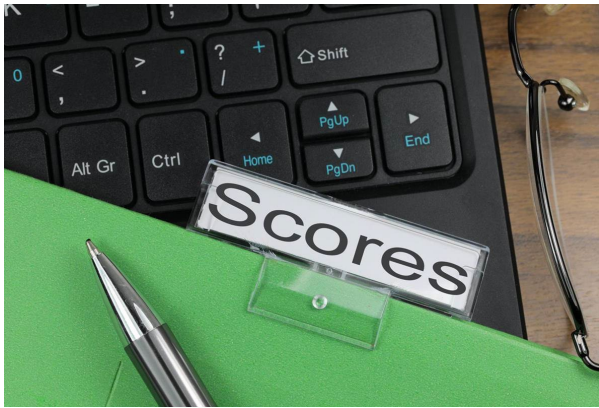
City To Property Owners

- » Don't promise property owners inclusion in application until you know how much money you will have and have assessed all blight
- » Circulate commitment letter templates early on
- » Discuss expectations
- » Do NOT expect construction till summer 2024
- » 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 no historic potential)
 - Entire building subject to federal requirements – HUD mandates no additional “construction” work to participating buildings from time of application submittal through grant end – **routine maintenance work items and emergency repairs are exempted**

Application Evaluations



Scoring Method



- Each criteria scored on a 1 to 5 scale. Maximum of 45 points for a “perfect” application
- *Note that “Iconic Building” applications will be assigned a ratio of impact category scores based on the average of all other applicants plus “bonus” points for cities of under 10,000 population (1 point), or under 5,000 population (1.5)*
- Applications scoring less than about 28 points will probably not be funded
- Applications are evaluated by three persons; scores are averaged

Scoring Criteria

- Degree to which application demonstrates clarity, completeness, competence and viability
- Degree to which the proposed activity is appropriate for CDBG
- Degree to which CDBG funds will be leveraged by other funds (Note: a local match of 36% - 45% is likely required to be competitive for funding)
- Degree of impact the activity will have on the elimination of slum and blight in the target area. (# of project facades/ total number of facades in target area) – somewhat easier to achieve this year)
- 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 (up to 3 years)
- Degree of community involvement with the proposed downtown revitalization efforts
- Degree to which the project is ready to proceed
- Degree to which the project will impact the target area overall

Most Common Evaluation Failings

- All required attachments not properly prepared, executed and uploaded
- Application does not demonstrate overall clarity, consistency, readability, and organization
- Public hearing not properly noticed and conducted; points not covered
- Inadequate photographs and description of blighting factors/elements on project buildings – sometimes including no prioritization of blighted elements
- Lack of consistency of project budget numbers throughout application
- Nondescriptive or incomplete architect renderings and/or work write-ups for each proposed project building in terms of identified blighted elements
- Amount / level of commitment of local matching funds not demonstrated or not firm
- Owner pledge letters not covering all vital points

- » Virtually raise hand or type question in chat box

