



Iowa Department of Economic Development

Tools & Trends

February 2001 Issue 15

A Development Toolbox for Small- to Medium-Sized Communities

INVESTMENT MANAGEMENT TEAM SPOTLIGHT

Bringing Projects to Successful Conclusion

The Investment Management Team was formed within the Division of Community and Rural Development in 1999. The team is charged with a variety of responsibilities related to local projects after IDED funding has been approved and plays a key role in ensuring that projects are taken to a successful conclusion.

The team works with projects from a number of programs managed by the Division, especially those associated with the Community Development Block Grant (CDBG) program, the HOME Partnership (Housing) Program, the Local Housing Assistance Program (LHAP) and the new Community Development Fund. Four primary goals are part of the Investment Management Team's mission.

1. Assure that the recipients of financial assistance from IDED fulfill their performance obligations under the terms of their contract with IDED and the requirements of the specific financial assistance program.

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Upper-Story Housing Boosting Downtown Economies

The upper stories of many historic commercial buildings in Iowa's downtowns are reawakening after years of solitude. A growing legion of building owners operating businesses in Main Street storefronts are discovering that quality upper-floor residential space can be a popular commodity and a good way to help pay for the mortgage. Renters, meanwhile, are enjoying the benefits of living spaces with unique architectural details and close proximity to shopping, services and entertainment.

The National Trust for Historic Preservation's National Main Street Center surveys its 1,500 Main Street communities annually to identify emerging trends. In 1999, 33 percent of survey respondents reported an increase in the number of housing units within their districts, up from 14.5 percent that reported increases in 1997. Small towns experienced more significant increases in upper-floor occupancy than urban commercial districts.

Find out how Shenandoah, Osceola and Bloomfield are reintroducing upper-story living with the help of Local Housing Assistance Program (LHAP) grants from IDED. LHAP funds are awarded to projects that are tied to

local economic development activities or address unmet housing needs.

For more information about LHAP and other IDED programs available to assist upper-story development, contact Anna Woolson at 515.242.4812 or anna.woolson@ided.state.ia.us.



Bloomfield's former Oddfellows Hall (left), constructed in 1870, will soon have one apartment on each of its upper stories.

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Upper-Story Housing Boosting Downtown Economies



The kitchen and dining area of a new apartment in downtown Shenandoah are admired by guests attending an open house hosted by building owners Pam and Jake McGargill.



Pam and Jake McGargill preserved the brick interior wall in the entryway leading to the second-story apartment they renovated in downtown Shenandoah.

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Shenandoah & Osceola to Develop 23 New Units

Grow Iowa Foundation was awarded \$300,000 in LHAP funds to use for a grant and relending program dedicated to developing 23 rental housing units in Shenandoah and Osceola. The goal is to stimulate the construction of one-, two- and three-bedroom apartments for individuals and families at or below 110 percent of median income.

Through the program, building owners can receive up to 40 percent of rehabilitation costs. The grant amount is \$6.50 per square foot revitalized, with the remainder of the 40 percent awarded as a loan offered at 0 percent interest for the first year and 4 percent thereafter, with a term not exceeding 15 years.

Pam and Jake McGargill created a 1,396-square-foot apartment on the second floor of a two-story building in Shenandoah that houses their retail business Micky G's Kids. The McGargills applied for and received a \$9,048 grant and \$10,172 loan through the LHAP-funded program. "We wouldn't have considered doing the project without the program; it wouldn't have cash flowed," Pam says.

The couple began working on the apartment in July 2000 and had it ready for occupancy in early October. Last occupied in the 1950s, the upper story had to be completely gutted and renovated except for two brick interior walls and some original windows, resulting in a total cost of \$48,000.

After hosting an open house, the McGargills were contacted by 12 parties interested in renting the apartment. The unit was immediately rented for \$500 per month.

The response is prompting the McGargills to create a 900-square-foot apartment in the building they own next door.

Grow Iowa Foundation administers the program in conjunction with Shenandoah MAGIC and Osceola Main Street. Shenandoah MAGIC and Osceola Main Street, together with city administrators, are responsible for approving all building plans and specifications, verifying client eligibility and inspecting housing units upon completion.

Several banks in Shenandoah have partnered to form a low-interest loan pool to help provide the remainder of financing for building owners who tap into the LHAP-funded program. The city's \$1.5 million streetscape project that is nearly complete will further add to the attractiveness of living and doing business downtown.

Osceola Main Street offers a low-interest loan program for downtown building owners interested in façade and upper-story improvement projects. A building owner can apply for a loan of up to \$35,000 at 0 percent interest for the first year and four points below prime for up to nine additional years. A majority of downtown Osceola's commercial buildings surround the city square, which has undergone major improvements.

"The program was created because we are interested in promoting historic preservation, providing housing and helping downtown revitalization efforts," says Lana Pals, executive director of Grow Iowa Foundation. "People were skeptical, but after the McGargill apartment was completed, they see that it works. The potential is there."

Due to media attention following the grand opening of the McGargill's apartment, Grow Iowa Foundation received inquiries from building owners in four other

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Community Development Fund Replaces R/CPDF

To support recommendations outlined by the Governor's Strategic Planning Council in the 2010 Report, the Division of Community and Rural Development spent several months reviewing its resources and programs. The report sets forth specific actions to position Iowa as a leader in life sciences, technology and other new opportunities.

In response, the division has designed its Community Development Fund (formerly Rural Community Planning and Development Fund or R/CPDF) to provide financial and technical assistance to communities interested in addressing issues such as telecommunications, growth management, housing, business community services, workforce and commercial development.

The Community Development Fund provides up to \$50,000 in grants to communities of any size. A 50 percent minimum match is required, half of which must be cash. "Projects should be creative, innovative and address the targeted issue areas highlighted. Collaboration and regional approaches with broad and

diverse partners are strongly encouraged," says Community Development Fund Project Manager Sue Lambertz.

The Community Development Fund also will support pilot projects that can be replicated and address immigration, diversity, leadership, volunteerism, workforce and other similar issues. A final product, such as a guide or manual that can be distributed statewide and showcased in workshops, conferences and on IDED's Web site, is required.

Individual communities also can select from a menu of services addressing downtown/commercial development. Up to \$5,000 can be granted for commercial development services with a dollar-for-dollar cash match and 25 percent in-kind match required.

Pre-applications can be downloaded from www.state.ia.us/government/ided/crd/resources.html. For more information, contact Sue Lambertz at 515.242.4922 or sue.lambertz@ided.state.ia.us.

Growth Management Dollars Still Available

One of the most perplexing issues facing communities is the development of surrounding land. Prime development locations are in demand, new highway interchanges can impact traffic and retail sales, and voluntary and involuntary annexations and extraterritorial zoning can cause conflict between local governments.

Any city, county or council of government can submit an application to the Community Development Fund for grants of up to \$50,000 for hiring consultation to support and explore local growth management issues. A minimum 50 percent match is required with at least half in the form of cash.

Projects should be innovative and out of the ordinary. Updating a community comprehensive land use plan is not eligible for funding.

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communities. As a result, Grow Iowa Foundation has applied for a \$300,000 matching grant from the U.S. Department of Treasury, Federal Reserve, to implement an upper-story housing program in other communities.

Bloomfield Targets Three Buildings Overlooking Courtyard Square

Residents of the upper stories of Bloomfield's commercial buildings have a commanding view of the picturesque 1877 Davis County Courthouse and courtyard square. Bloomfield received a \$90,000 LHAP grant to renovate the upper stories of three downtown buildings, creating three new apartments for individuals and families that are at or below 110 percent of median income for Davis County.

The project represents a partnership between the building owners, Bloomfield Main Street, the city and Area XV Regional Planning Commission to enhance the economic viability of Bloomfield's historic city center. Area XV Regional Planning Commission is serving as project administrator.

The three structures involved in the project are under separate ownership. A flower shop, chiropractic clinic and catering business occupy the first floors and are owned and operated by the building owners. Each

building will feature one second-floor apartment that will range in size from 1,100 to 2,200 square feet and feature two or three bedrooms.

The LHAP funds are being distributed to the building owners as seven-year receding forgivable loans. In exchange, it is the responsibility of the property owners to maintain a term of affordability for at least seven years following the completion of each residential unit. The property owners are contributing a minimum of \$26,265 in matching funds and the city is injecting \$10,698 in tax abatement relief.

"One of the appeals of LHAP is it targets housing for median income families and individuals," says Bloomfield Main Street Program Director Judy Combs. "Property owners feel this will help them create apartments that will attract retirees or young professionals in the community."

Bloomfield recently received a second LHAP grant in the amount of \$180,000 to renovate at least six more upper-story apartments.



The second floor of the building housing Stogdill Chiropractic Centers will be transformed into an 1,104-square-foot apartment with a prime view of the Davis County Courthouse.

Mark Your Calendar To Attend

March 7, 2001

9 a.m. - 4 p.m.

**University Park
Holiday Inn
1800 50th St.
West Des Moines, IA**

The leadership summit that will address issues of importance to Iowans and provide the skills for personal, professional and community leadership.

A special session for leadership program managers will be held on *March 8, 2001*, at the Salisbury House in Des Moines.

SPACE IS LIMITED

To receive a registration brochure contact:

Dan Schneider, President
Edge Learning Institute
921 W. 18th St. South
Newton, IA 50208-3500

Email: dan@workwithedge.com
Fax: 641.792.7534

Leaders of a Visionary Future for Iowa

Speakers

KEY SPEAKERS

- Christie Vilsack** *Iowa's First Lady*
James Autry *Leadership speaker and author*
Michael Gartner *Chair of Vision Iowa
Iowa Cubs baseball team owner*
Joe Tye *Motivational speaker and author*

OTHER PRESENTERS INCLUDE:

- Beverlyn Lundy Allen** . . . *Iowa State University Extension Sociologist*
Sherry Barrett *Communications Consultant*
Mary Foley *Iowa Farm Bureau Federation*
Chuck Offenburger . . . *Writer-in-residence, Beuna Vista University*
Dan Schneider *EDGE Learning Institute*
Elizabeth Weinstein *Community Resource Specialist*

Sponsors

Sponsored by:

Iowa Department of Economic Development and Iowa State University Extension in cooperation with:

Iowa Association of Business and Industry/Leadership Iowa, Iowa 2010 Strategic Planning Council, Iowa Agricultural Development Authority, Iowa Health System/The Center for Healthy Communities, Iowa Farm Bureau Federation, Iowa Rural Development Council, Office of the Governor and Lt. Governor, Schneider Consulting Group, Wells Fargo.



Quick Reference

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Email addresses: firstname.lastname@ided.state.ia.us

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Fax number: 515.242.4809

Web site: www.state.ia.us/ided/crd

NEW Recipients

Rural/Community Planning and Development Fund (R/CPDF)

| Recipient | Grant Amount |
|--|--------------|
| City of Keokuk..... | \$8,000 |
| East Central Iowa Council of Governments | \$5,500 |
| City of Montrose | \$4,000 |
| City of Manchester | \$6,000 |
| City of Ellsworth | \$4,500 |
| Pocahontas County Board of Supervisors | \$50,000 |
| City of Strawberry Point | \$4,000 |

Low Income Housing Tax Credits

| Recipient | HOME | Units | To Benefit |
|---|----------------|---------|------------|
| Carroll IHA Senior Housing, L.P..... | \$599,976..... | 24..... | elderly |
| Keokuk Senior Housing, L.P..... | \$599,976..... | 24..... | elderly |
| Lexington Place, L.P. | \$700,000..... | 30..... | elderly |
| Sugar Creek/Waukee, L.P. | \$699,000..... | 28..... | elderly |
| CHI, Inc. - Summerfield Park, L.P. | \$499,980..... | 20..... | low income |
| CHI, Inc. - Woodbury Ridge, L.P. | \$299,988..... | 12..... | low income |
| Mercy Housing Midwest (Iowa II) | \$442,500..... | 32..... | low income |
| Riverside Estates, L.P. | \$560,000..... | 32..... | low income |
| SPNIA, L.P. - Fairway Estates | \$400,000..... | 20..... | low income |

The Bridge to Employment

Bringing Employers & People with Disabilities Together

In 1998, the U.S. Social Security Administration awarded Iowa a \$2.5 million State Partnership Initiative grant for a project known as "The Bridge to Employment." The five-year pilot program brings together businesses, people with disabilities and a wide variety of state partners, such as the Iowa Department of Economic Development, Iowa Workforce Development, Iowa Department of Human Services, and Iowa Department of Education - Division of Vocational Rehabilitation Services, to address human resource needs.

The Bridge to Employment is being piloted in Iowa Workforce Development Regions 2 (Mason City) and 10 (Cedar Rapids). People with disabilities receive counseling on programs available to help them acquire skills and support to enter the workforce and access to training for specific skills needed by Iowa businesses. Iowa businesses gain an increased pool of qualified applicants for their job openings.

The Bridge to Employment has helped bring about several important statewide changes.

Iowa employers now can receive tax breaks if they purchase equipment that enables an employee with a disability to perform a job. Medicaid for Employed Persons with Disabilities (MEPD), referred to as Medicaid Buy-In, was passed by the Iowa Legislature and signed by the Governor in April 1999 and allows a person with a disability to keep vital health coverage while working. When earnings are greater than

set limits, he or she can pay the premium rather than losing the coverage.

Bridge to Employment project staff will soon begin a program of outreach to local businesses. The goals are to help identify the human resource needs of individual companies, communicate those needs to people with disabilities, and link the businesses to a broader pool of qualified workers.

"I would like to see people with disabilities participating in higher numbers within our training programs," says IDED Community Workforce Manager Michael Brown. "This grant allows us to stay abreast of legislative changes, help employers better connect with this potential labor pool and dispel any myths associated with hiring people with disabilities."

The Bridge to Employment project is administered by Iowa Creative Employment Options (Iowa CEO) on behalf of the Iowa Department of Human Services. Iowa CEO is a university-affiliated program of The University of Iowa Hospital School. Iowa CEO promotes business-aligned

public policies that target the human resource needs of businesses through the employment of people with disabilities.

For more information, see www.bridgetoemployment.org or contact Michael Brown at 515.242.4783 or michael.brown@ided.state.ia.us.



RACI Update

Prairie Meadows Racetrack and Casino will award \$250,000 in Revitalization Assistance for Community Improvement (RACI) grants in 2001. Applications and brochures will be available from the Iowa



Department of Economic Development in April and can be downloaded from www.state.ia.us/government/ided/crd/raci.

The application deadline is November 2, 2001. Communities with populations of 30,000 or less are eligible to apply.

For more information, contact Jean Carlson-Johnson at 515.242.4791 or jean.johnson@ided.state.ia.us.

ABC's of Telecommunications Conference

April 25 - 26, Carroll

How much do you really know about enhanced telecommunication services? Understanding the complex world of telecommunications isn't easy.

IDED and Western Iowa Technology and Entrepreneurship Capital Corporation (WITECC), with the assistance of several partners, are sponsoring the ABC's of Telecommunications Conference in April. The conference will include tours of two communities that have built telecommunications systems, information presented by independent telecommunications providers and consultants who specialize in telecommunications, and much more.

For more information and to register, contact the Carroll Area Development Corporation, 712-279-4383. Registration is \$35 per person. Seating will be limited.

Iowa Downtown Month August 2001

"Experience the Magic of Downtown"

All Iowa communities are invited to participate in Iowa Downtown Month by hosting events downtown and sharing the importance of downtown with residents and the media throughout the month of August. A statewide calendar of events will be compiled and distributed.

An Iowa Downtown Month brochure will be available in the near future. For more information, contact Jane Seaton, Main Street Iowa, at 515/242-4756 or jane.seaton@ided.state.ia.us.



Home-Based Business Workshops Offered Statewide

The Iowa Rural Development Council (IRDC) and Iowa Department of Economic Development (IDED) are partnering with the Iowa Enterprise Network and several other organizations to offer home-based business workshops in several locations throughout the state during the months of January, February and March.

Marketing tips and information about available financial and technical resources will be highlights of workshops, which will feature the same content in each location. Participants also will have the opportunity to network with home-based business owners and learn about the Iowa



Larry Lyon,
Keynote Speaker

Enterprise Network, Iowa's statewide association for home-based businesses.

Keynote speaker Larry Lyon was born, raised and educated in the northeast Iowa community of Oelwein, where he learned the basics of entrepreneurship from his father and grandfather who owned the local hardware store. Lyons' home-based ventures include a walking, talking promotional robot named Miltron; a remote-controlled, helium-filled hot air balloon; a device used by sky-divers called a Pack Rate; a patented, portable machine for sanitizing wheelchairs and shopping carts; and a home improvement and repair company called Mr. Fix It.

All partnering organizations will have representatives on site to provide information. These organizations include IRDC, IDED, U.S. Small Business Administration, Iowa Arts Council, U.S. Department of

Registration: 8:30 - 8:45 a.m. • Workshop: 8:45 a.m. - Noon

| DATE | LOCATION | PRE-REGISTRATION |
|-------------|----------------|------------------|
| February 24 | Des Moines | 515.271.2655 |
| March 10 | Council Bluffs | 712.325.3376 |
| March 17 | Dubuque | 319.588.3350 |
| March 24 | Waterloo | 319.236.8123 |

Agriculture/Rural Development, Southwestern Business Development Center, Iowa Western Small Business Development Center, Service Corp of Retired Executives, and U.S. Department of Commerce - Economic Development Administration.

The cost per person is \$20 if pre-registered or \$25 at the door. Pre-registration is requested due to limited space. To register for a particular workshop and find out where the workshop will be held, contact the phone number listed by the date and city.

Bringing Projects to Successful Conclusion

Continued from page 1

2. Assure that IDED program award recipients remain in compliance with federal grant requirements and state laws and administrative rules. In relation to this goal, the team also provides information as needed to IDED's oversight agencies, such as the U.S. Department of Housing and Urban Development (HUD) and the State Auditor's office.
3. Maintain communication with program customers to identify opportunities for providing technical assistance to project administrators if such assistance could be helpful for the successful completion of the project.
4. Gather, organize and maintain program performance information for the purpose of documenting successful performance and ensuring ongoing program evaluation and improvement. Relating to this responsibility, the team also prepares a Consolidated Plan that describes the state's overall goals and plans for housing and community development activities for the next year and is submitted to HUD.

The Team also reports the Division's activities to HUD on a regular basis, both through the federal Integrated Disbursement and Information System and periodic Performance Evaluation Reports.

Examples of the types of activities performed by the team include contract preparation and review, draw

request and performance report processing, audit review and related closeout procedures and database system and record-keeping requirements for the various programs. Additional duties include contract processing and budget analysis for the Community Development Fund, documentation of match for the HOME Program, long-term compliance review of

HOME projects and Davis-Bacon Wage Rate reviews.

The Investment Management Team also provides valuable feedback to program policymakers for the purposes of ongoing program evaluation and improvement. For more information, contact Team Leader Mike Miller at 515. 242.4807.



Investment Management Team members; Front row, left to right: Alice Meyer, Toni Casber, Harriet Leitch. Back row: Dra Nair, Diane Foss, Mike Miller.

Main Street Iowa to Celebrate 15th Anniversary

“Experience the Magic of Main Street” during Main Street Iowa’s 15th anniversary year in 2001.

The 14th Annual Main Street Iowa Awards officially kicks off the celebration on April 27 at the Hotel Fort Des Moines. “Experience the Magic” also will be the theme for Iowa Downtown Month in August, the Iowa Downtown Conference on August 28, and other Main Street Iowa activities throughout the year.

The Iowa Legislature established Main Street Iowa as a program of the Iowa Department of Economic Development in 1985. The first five communities were selected to participate in April 1986.



For more information, contact Jane Seaton at 515.242.4756 or jane.seaton@ided.state.ia.us.

Calendar

February

24 Home-Based Business Workshop, Des Moines 515.271.2655

March

7 Leadership Summit, Des Moines 515.242.4830
 10 Home-Based Business Workshop, Council Bluffs 712.325.3376
 17 Home-Based Business Workshop, Dubuque 319.588.3350
 24 Home-Based Business Workshop, Waterloo 319.236.8123

April

5 CDBG Water/Sewer Workshop, ICN broadcast 515.242.4811
 25 - 26 ABC's of Telecommunications Conference, Carroll 712.792.4383
 27 Main Street Iowa Awards, Des Moines 515.242.4756

May

3 SMART Conference, Des Moines 515.242.4759
 15 Homeless Grantee Workshop, ICN broadcast 515.242.4811

For changes to the Tools & Trends mailing list, contact Jason Boten at 515.242.4797 or jason.boten@ided.state.ia.us.



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IOWA
 ECONOMIC DEVELOPMENT

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