



Subcommittee on Housing and Community Opportunity Hearing

*Strengthening and Rejuvenating our Nation's Communities
and the HOPE VI Program*

Tuesday, April 29, 2003, at 2:00 p.m. in room 2128 Rayburn House Office Building

RE: H.R. 1614, "Hope VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003"

Written statement of:

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Honorable Bob Ney, Chair:

Thank you for the opportunity to provide this written statement concerning H.R. 1614, HOPE VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003. I have invested the last 18 years (15 in Iowa) of my professional career working with community citizens to address the economic, physical, social and political values of their city centers.

The Main Street® Iowa program is embarking on its 18th year of providing technical assistance and capacity building services to Iowa communities committed to improving the values noted above. It is a long-term incremental process, which takes a comprehensive approach in addressing the forces that negatively impact Iowa's downtowns. During the past 17 years, the Iowa Department of Economic Development has had the opportunity to work with 49 Iowa communities through the Main Street program. Through lots of hard work, dedication and commitment from hundreds of community leaders, Main Street® Iowa is recognized nationally as one of the most successful statewide Main Street® programs in the country. In fact, it is often referred to as THE model to emulate. Main Street® provides the structure and strategy, which allows participating Iowa communities to thrive, not just survive. Through their efforts, six Iowa communities have won the GREAT AMERICAN MAIN STREET AWARD: Dubuque, Bonaparte, Corning, Keokuk, Elkader and Cedar Falls. Only 40 communities nationally have won this prestigious award. In Iowa, Main Street® communities are expected to be regional demonstration models from which other towns can learn.

Iowa is a state of low population growth. Its three million people reside in 950 communities, none of which could be classified as large, urban centers. The state's largest metropolitan area, Des Moines has a population of approximately 415,000. Only nine communities in our great state have populations over 50,000. In fact, most counties and communities in Iowa have experienced population losses for decades. Our urban centers continue to grow, while the rural areas struggle to maintain or minimize population loss. Yet, despite such trends, the results of the population census in 2000 revealed that 74 percent of the communities participating in Main Street® Iowa experienced population gains, allowing these communities to thrive, not just survive!

The Main Street Approach® is a copyrighted and trademarked process of the National Trust for Historic Preservation. It is economic development within the context of historic preservation. It is successful because it sets high standards for communities to aspire to. Professional local staff, adequate operating budgets, public sector support, preservation ethic, volunteer leadership, vision and mission statements, community support, ongoing training, monthly performance reports and a strong public/private partnership are examples of these high standards. Communities that consistently meet these standards are recognized annually as Nationally Certified Main Street® Communities. About 75 percent of the Iowa Main Street® communities achieve this designation annually.

Additionally, each month, communities track their incremental economic impact. Over the past 17 years, through this tracking, Main Street® Iowa communities have recorded

the following economic impact statistics in their downtowns:

Net gain in business starts, expansions, relocations:	2,302
Net gain in full-time equivalent jobs:	6,470
Downtown buildings rehabbed or sold:	7,003
Total private sector investment into downtown buildings:	\$362,871,234
Total volunteer hours:	889,139

Communities included in the above statistics have participated in the Main Street® program anywhere from 1 to 17 years, depending on the year they entered the program.

Another amazing statistic is the ratio of private sector investment in downtown buildings compared to the State of Iowa's investment in the operation of the state Main Street® program:

\$131 to \$1 for FY 2002
\$ 51 to \$1 since FY 1986

These statistics indicate there is a tremendous return to the state for its continued investment in this highly successful downtown development program. Most assuredly, not many state or federal programs have this excellent rate of return for every public dollar invested.

In Iowa, we built partnerships to develop tools to assist Main Street® communities in revitalizing their downtown districts. Together with the Federal Home Loan Bank and the Iowa Finance Authority, the Main Street Revitalization Loan Program was created offering low interest loans to rehabilitate upper floor housing, to renovate older commercial buildings and to erect new buildings on in-fill lots. This innovative program, the first of its kind in the country was launched right after September 11, 2001, a very difficult time in our country's history. Last month, we celebrated our first million-dollar milestone. Seven building owners in Main Street® communities have utilized this loan pool to renovate downtown buildings. Without this new program, most of these projects would not have occurred. All but one were in communities under 12,000 in population.

However, access to capital for downtown development projects like upper floor housing has been scarce at best. Most federal programs just didn't seem to fit the needs of Iowa's smaller communities, usually because they didn't fit the criteria for eligible projects or the project minimums were too large.

Since the early 1980's almost 2,000 communities all across the country have utilized the Main Street Approach® as a major tool in their economic development toolbox. Success has come to those who understand the long-term commitment and comprehensive strategy needed to address the economic, physical, social and political values of their city centers.

In spite of this success, challenges continue to be overwhelming nationally. Population losses in rural America translate into reduced human and financial resources locally to address the challenges of employment, housing, education, human services, declining downtown districts and state/federal regulations. Many federal programs have been developed over the years to address revitalization and rejuvenation. However, most of them are targeted to larger urban areas and offer little opportunity for utilization in rural America. Although need is great in urban America and our nation's resources need to be invested there, the needs of rural America are also great and should be addressed. We must invest in the revitalization and rejuvenation of our smaller communities. Especially in those communities who have made the commitment to invest in themselves. Main Street® communities have garnered the local human and financial capital to revitalize and rejuvenate their downtowns and communities. They have put in place the organizational capacity to efficiently utilize development tools. Making tools available for Main Street® communities under 30,000 is just smart business.

In June, 2000, we conducted an informal survey of our participating Main Street® Iowa communities in an attempt to identify opportunities for upper floor housing, in-fill construction and vacant buildings which could potentially be converted into loft housing. We were astounded by what we learned. Approximately 50 percent (15) of the participating communities responded to our survey. Using their survey results as basis, we identified the following opportunities within our Main Street® Iowa communities:

- There were over 400 upper floor housing units that are vacant and unused;
- There were dozens of vacant downtown buildings which could be converted to housing, creating hundreds more housing units;
- There were over 70 vacant lots that would be suitable for new in-fill construction blending commercial uses on the first floor with housing above.

This data came from predominately smaller Iowa communities under 30,000 in population. Development of these opportunities would have a tremendous impact on the economic health of each community.

H.R. 1614, the HOPE VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003 is an excellent example of how we can look at existing legislation and fine tune it in order to also make it relevant and usable for America's smaller communities. By adding language to HOPE VI, which was developed to address the challenges surrounding severely distressed public housing projects in our country's large urban areas, it is possible to also offer programs suitable for communities with populations under 30,000 to develop affordable housing. Smaller communities nationwide also struggle with traditional low income housing issues and have a disproportionate number of low-income families. The reauthorization doesn't authorize new money for this partnership with Main Street®. It merely takes advantage of existing monies that would already be authorized for HOPE VI and includes criteria allowing America's smaller communities to participate in providing affordable housing solutions.

I am not an expert on HOPE VI because as it is currently authorized, there is virtually no opportunity for Iowa to use the program. I understand it has had tremendous impact in other states where large public housing projects exist. However, HOPE VI needs to be

reauthorized and needs to include language allowing states like Iowa to take advantage of this program. H.R. 1614, the HOPE VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003 would allow Iowa and every other state the opportunity to better develop affordable housing for low-income families within their Main Street® commercial project areas in their smaller communities. I can already visualize renovated hotels and upper story apartments bringing economic vitality to these communities as a result of this reauthorization. This reauthorization has the potential to positively change the quality of life for many Americans who choose to live in smaller communities.

The signature of America is embedded in its smaller communities. Developing tools, which assist in making them stronger, more viable, livable communities, is good for every state in our nation. By doing so, we strengthen the economic, physical, political and social health of our country. And that is a very good thing.

Thank you for the opportunity to share some thoughts and experiences with you.