

A hand is shown holding a small, white paper model of a house with a brown roof. The house has a chimney, a door, and several windows. The background is a blurred crowd of people, suggesting a community or neighborhood. The overall image is set against a blue gradient background.

# Sioux City Neighborhood Housing Study

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# Chapter 1

## INTRODUCTION



Sioux City, Iowa's fourth largest city, has experienced changing development patterns and housing preferences over time. Though the City grew rapidly in the early twentieth century, it witnessed population decline, limited housing construction, and modest redevelopment over the past 50 years. This situation has provided unique assets to the city, but it has also created a number of challenges.

On one hand, these trends preserved many of the historic homes and neighborhoods in the core of the city. This has produced a diverse built environment with varying lot sizes and distinctive architectural characteristics. These features are especially prominent in older residential neighborhoods near the downtown.

However, the age of the housing stock paired with economic disinvestment in older neighborhoods has also led to a deterioration of the built environment. As Sioux City's population moved further from the city's core, investment in new construction at the city's fringe meant less money was spent in older areas.

Other issues also complicate disinvestment in historic neighborhoods. Many larger homes were converted into multi-family units to make them more profitable. The number of rental properties has also increased in these areas. Furthermore, deterioration caused by deferred maintenance has led to the demolition of historic homes that give Sioux City its unique character.

These related issues prompted City leaders to respond with a new policy direction. Responses include an update to the zoning ordinance, a new Comprehensive Plan to be completed soon, and this study, conducted by several Master's candidates from the University of Iowa's School of Urban and Regional Planning. As part of the Iowa Initiative for Sustainable Communities, this study has the following goals:

1. Identify resident and stakeholder housing concerns
2. Analyze demographic trends to inform policy decisions
3. Locate concentrations of deteriorated homes
4. Provide the public, city leaders, and other stakeholders with information on the relationships between quality, age, tenure, and location in Sioux City
5. Offer policy recommendations to improve housing quality

In other words, this study's purpose is to investigate the declining quality of the City's mature housing stock and recommend policy solutions designed to address this problem.

In order for this plan to have long-term success, it needs to follow sustainable practices. While sustainability can be a loaded word, the idea behind it is simple: economic growth, equity, and the environment all need to be considered when investigating the impacts of various policies. Ignoring one or more of these three interrelated components usually results in a plan that does not have long-lasting positive impacts. This plan strives



to keep all three aspects of sustainability in mind throughout the plan with special emphasis given to equity, one of the frequently overlooked elements of sustainability.

## METHODOLOGY

The study team investigated housing issues in Sioux City using a pragmatic rational planning framework. That is, we identified the problem, contextualized it using Sioux City's history and demographics, analyzed the problem and its related factors, proposed and evaluated potential solutions, and offered feasible policy recommendations. The pragmatic rational planning process also requires a plan for implementation and future evaluation. Throughout this process, we paid special attention to public input in the identification of problems and solutions. This framework has allowed the study to reach logically sound conclusions as guided by the voices of stakeholders and residents in Sioux City.

This study is comprised of three main parts:

1. Identification of the problem and its context
2. Analysis of the problem
3. Recommendations and implementation

## IDENTIFICATION OF PROBLEM AND ITS CONTEXT

The problem of neighborhood disinvestment and housing deterioration was qualitatively and quantitatively identified through public input and a background investigation. First, team members engaged local stakeholders in a series of discussions to discover Sioux City's current housing problems. These initial conversations involved residents, representatives of the private and nonprofit sectors, housing experts, members of City commissions, and City staff. Next, we investigated historical development patterns, architectural characteristics, and demographic and economic trends to assess identified problems and to supplement and compare against public input. This proved useful in assessing whether public perception matched the data, and in understanding the trends that led to housing deterioration. This part was necessary as a base for the rest of the project. This topic is covered in Chapters 2 and 3.



Figure 1 Neighborhood Network Stakeholder Meeting in October

### ANALYSIS OF THE PROBLEM

Next we looked at the issue of deterioration, its causes, and its effect on the City. This was done by examining the spatial extent and magnitude of deterioration in Sioux City through GIS mapping and an analysis of the City's parcel data. After that, we investigated various factors that are related to deterioration including the age, tenure, and type of housing stock. Finally, we explored the impact of deterioration on the City's housing market and tax base. These topics are covered in Chapters 4 and 5.

Once the problem was established, we explored the City's current policy responses to the problem. This was accomplished by looking at the City's housing policy, specifically those programs aimed at rehabilitation, historic preservation, new construction, and demolition. In this analysis, we identified potential gaps and shortcomings in current policy which informed the final recommendations. This topic is covered in Chapter 6.

### RECOMMENDATIONS AND IMPLEMENTATION

The final section of the study discusses recommended policy changes and new programs that could feasibly address neighborhood housing deterioration in Sioux City. Recommendations are organized by goal in order to present the clear intended outcomes for each policy. Recommendations are supplemented with case studies from cities that have successfully addressed issues similar to those experienced by Sioux City. These communities are also of a similar size or economic condition. This

topic is covered in Chapter 7.

This section also has an analysis of the fiscal impact of the modified rehabilitation policy, the recommendation expected to have the biggest impact, and an implementation and evaluation plan. These show what may happen if the recommendations are acted upon, and it also contains information that could be used to measure the success of each policy in the future. Evaluating the success of each policy ensures that each goal is reaching its intended outcomes and allows transparent reporting to the public. This is covered by Chapter 8.

Before one can delve into the problem itself an understanding of the context in which the problem is operating is necessary. Exploring the various aspects of the historical development of the City and its impact on neighborhoods and the built environment, along with the current demographic and economic trends, allows a problem like deterioration to be approached in a more holistic and informed manner.

## Chapter 2

# PROBLEM CONTEXT



# HISTORY

When looking at housing deterioration, it is important to consider the history of the City and its effects on the housing stock and neighborhoods. In addition, knowing the pattern of development also provides information about why neighborhoods become less desirable and receive less investment over time. Without this knowledge, it is more difficult to tailor solutions to specific areas effectively.

Sioux City was founded in 1854, and it had a dynamic time through its first few decades. Until the 1880s, Sioux City was only about four square miles. Residents lived near their places of work because modern transportation systems had not yet dispersed the pattern of development.

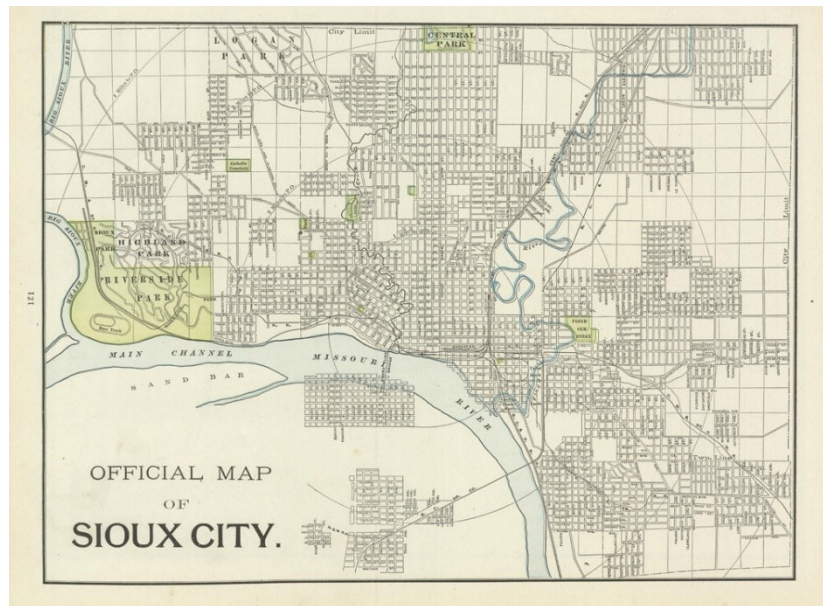


Figure 2 Official map of Sioux City, 1891

At this time, the primary manufacturing district was located at the mouth of Perry Creek with workforce housing nearby. Meanwhile, the elite lived in large mansions in what is currently known as Near Northside.

Table 1 Population of Sioux City, MSA, and Tri-State

	City	change	MSA	change	Tri-State	change
1900	33,111		104,793		3,699,723	
1910	47,828	44%	119,462	14%	4,000,873	8%
1920	71,227	49%	146,363	23%	4,336,940	8%
1930	79,183	11%	158,399	8%	4,541,751	5%
1940	82,364	4%	159,053	0%	4,497,063	-1%
1950	83,991	2%	157,491	-1%	4,599,323	2%
1960	89,159	6%	162,226	3%	4,849,381	5%
1970	85,925	-4%	157,607	-3%	4,976,958	3%
1980	82,003	-5%	160,275	2%	5,174,401	4%
1990	80,505	-2%	154,738	-3%	5,051,220	-2%
2000	85,013	6%	167,902	9%	5,392,431	7%
2010	82,684	-3%	168,563	0%	5,686,876	5%

However, the population boomed soon after due to the City’s strategic location at the crossing of the Missouri River and several railroad lines. As it developed into a hub of industry, the manufacturing district shifted, leading to the quick development of working class housing in the East and South Bottoms neighborhoods. By the early 1890s, much of the current city was already platted.<sup>1</sup> This includes many of the neighborhoods that exist today including Highland Park in Westside, Pierce’s Addition in Northside, central Morningside, and Leeds and Riverside (both of which had previously been independent towns). Growth continued until the Great Depression, at

<sup>1</sup> Tom Munson, Interview Oct, 2014.



Figure 3 Sioux City Stockyards, 1887

which time the City's population stagnated.

In the 1940s and 1950s, Sioux City saw large shifts in the location of population. The East and South Bottom neighborhoods were razed for the construction of Interstate 29 and the re-channelization of the Floyd River. This hollowed out the population downtown and caused working class families to move to other aging residential areas near downtown. Meanwhile, new housing was being constructed at the periphery of the City to absorb middle and upper class families. Other households left the city for neighboring municipalities, a trend made possible by the widespread use of the automobile.

The City reached its peak population in 1960, after which Sioux City's population gradually declined. At this time, historic neighborhoods began seeing less investment as wealthier residents chose new development farther

from the urban core over the maintenance of older structures.

## NEIGHBORHOODS

Sioux City's development patterns, like highways and historic land uses, and its natural terrain, including rivers, creeks, and steep slopes, caused the City developed almost as a collection of several smaller communities. For example, Morningside developed as a streetcar suburb of the City. These characteristics quickly become evident when speaking with residents because many of them identify very strongly with their neighborhoods, and this sense of belonging has also fostered strong relationships between neighbors.

In an effort to match these 'boundaries' as well as residents' descriptions of neighborhoods, we divide the city into eight distinct neighborhoods to act as a general frame of reference. The fact that each neighborhood is unique adds importance to recognizing the city as a collection of neighborhoods. Neighborhood character is also shown in the variances in architectural styles between areas.<sup>2</sup> Block groups are used when smaller frames of comparison are needed. The neighborhoods, along with brief descriptions of housing characteristics, can be seen on the next page.

2

Two of the neighborhoods delineated on the following map do not contain many residential units and therefore are not discussed in further analysis. These omitted areas include the Northwest and Airport Industrial neighborhoods.

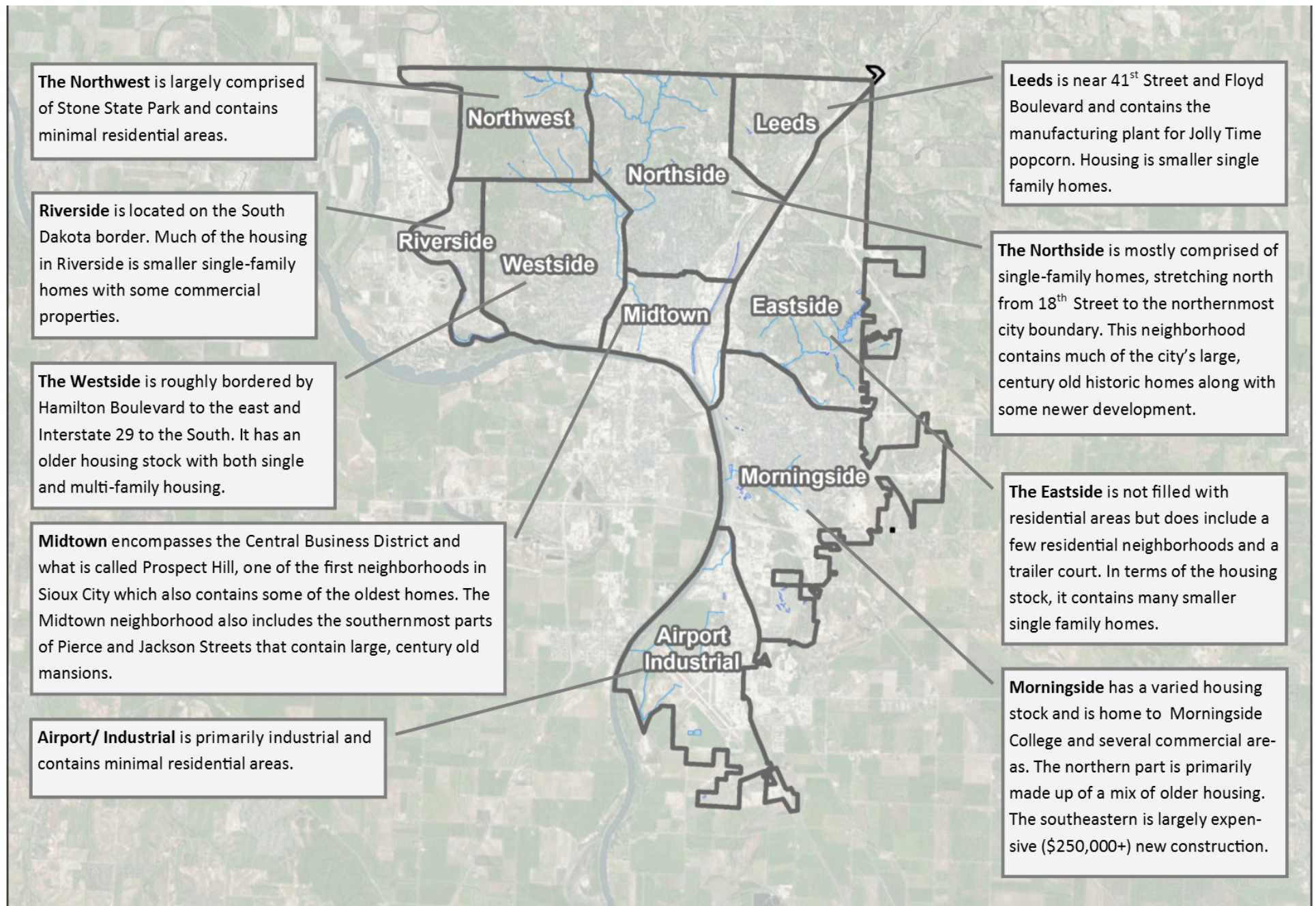


Figure 4 Neighborhood Profiles

## ARCHITECTURE

Sioux City's long history and limited redevelopment in historic neighborhoods have made the City known for containing a wide variety of architectural styles. Much of this is due to Sioux City's buildings containing local variants on national styles with many buildings "designed by local architects, built by local craftsmen, and reflecting local materials."<sup>3</sup> However, the City also has the work of notable architects such as William Steele, wdesigner of the Woodbury County Courthouse, and some of the best examples of Richardsonian Romanesque architecture and terra cotta use in Iowa. Because of the local nature of Sioux City's architecture, the City's historic homes are a reflection of its history.

Sioux City currently has more than 340 properties eligible for the National Register and four National Historic Districts, along with two local historic districts. The City's historic preservation policy is explored further in Chapter 6.



Figure 5 Woodbury County Courthouse

Figure 6 Woodbury County Courthouse, Detail view

3

"Community Patterns." 2010.

While Sioux City contains many old buildings it is important to keep in mind that a home considered worth preservation should be safe, structurally sound, and promote a unique sense of place. Stakeholders recognize that old housing that is deteriorated to the point of threatening human health, safety, or welfare should not be preserved unless it is made safe or is likely to be made safe by investors.

However, this does not detract from the fact that the maintenance of the City's historic buildings is of great concern to many local stakeholders, and it is important to the City's image. The presence of architecturally significant buildings gives the city a unique sense of place and identity that is often unmatched in other cities. Furthermore, historic buildings contribute to neighborhood history and identity and can also provide untapped market potential. One study has shown a 5 to 8 percent increase in the value of homes in historic districts with historic districts also having additional positive spillover effects.<sup>4</sup>

## DEMOGRAPHIC CHARACTERISTICS

Sioux City, Iowa's fourth largest city, is the central city of the Sioux City Metro (MSA). The metro is comprised of five counties, and spans three states which creates interesting regional dynamics in the housing market because each state has different laws and tax rates. While the City is the

4

Zahoirovic-Herbert and Chatterjee, "Historic Preservation and Residential Property Values: Evidence from Quantile Regression," 2012.

## Chapter 2 Problem Context

Table 2 Household and Race Characteristic of Sioux City, MSA, and Tri-State

	City			MSA			Tri-state		
	#	%	change 2000-2012	#	%	change 2000-2012	#	%	change 2000-2012
Family Households	4602	65%	-4%	43,777	68%	1%	1,472,316	65%	5%
Single Person Households	13,857	11%	5%	41,714	10%	7%	653,361	12%	13%
Childless Households	1,839	66%	0%	17,161	65%	6%	1,557,560	69%	12%
White Population	4,819	81%	-8%	143,692	86%	-4%	5,107,436	90%	3%
Hispanic Population	6,134	16%	46%	22,821	14%	53%	340,960	6%	82%

fourth largest in Iowa, the MSA is actually the sixth largest. Of the state's largest cities, Sioux City is the only one to lose population from 2000-2010.

Though the City's population has declined, the metro has maintained a steady population. This suggests that Sioux City is competing with its surrounding metro for housing and neighborhood selection and is currently losing. During this same period, the three states around it grew rapidly. However, little of the tri-state's growth is actually occurring in this region.

Household composition is changing too, with fewer family households, more single person, and a large proportion of childless households.<sup>5</sup> Single person households are actually one of the few population groups increasing in the City, but despite that trend, average household size remain constant. This indicates that as many households become smaller, others have grown

to off-set the trend. Sioux City is also younger than the metro and state with a median age of 34; however this number has grown since 2000, reflecting an aging region.

Sioux City, its MSA, and the tri-state region have become more diverse from 2000 to 2012, with the city being the most diverse of the three. In Sioux City, the white population decreased by 8%, while the MSA's white population decreased by half that rate. The largest minority group in Sioux City is Hispanic at 16% of the population, and it continues to see rapid growth. The Near Northside and Near Westside have the largest proportions of nonwhite residents at more than 46 percent.

5

A household is defined as everyone living in a single housing unit, with a family household being composed exclusively of family members by birth, marriage, or adoption. Single person households are considered nonfamily.



## ECONOMIC CHARACTERISTICS

Sioux City was born in the industrial age and has a substantial number of manufacturing jobs as a result. Its largest employer by far is still Tyson Foods with 4,953 employees.<sup>6</sup> However, the City actually has more jobs in the health care and social assistance sector, followed by the retail trade and the accommodation and food service sectors. Almost three-quarters of the MSA’s manufacturing jobs are located out of the city, and that share is increasing as the number of jobs in manufacturing decreased from 2007 to 2011. Over that same time period, the health care, public administration, education, and management fields grew. Currently, the City’s unemployment rate is higher than the metro’s.

Sioux City residents tend to be less well-educated than residents in the metro or tri-state. The proportion of the population with high school diplomas is lower in the city than the metro, and the city’s population has fewer college graduates too. Educational attainment is important to housing because it increases earning potential which provides more choices for where one want to live; this also increases the potential for outmigration.

The economic structure of Sioux City has contributed to lower household incomes. While the City, metro, and tri-state have seen median household incomes decline in real dollars since 2000, the largest decrease occurred in Sioux City. This could be due in part to the rise of single-person

households and/or the City’s shifting economic structure. Renters tend to be poorer than owners with the median household income for owner households twice that of renter households. This is true for the metro and tri-state as well, and these gaps have widened since 2000.

Commuting patterns have also changed. According to the American Community Survey, the Sioux City economy has seen the number of employed residents decrease by 3% since 2000. Regardless, only 58% of residents who live in the city work there, while the rest commute out of the City for jobs. Meanwhile, 47% of jobs within the city are filled by in-commuters. This has changed since 2002 with both the number of in- and out-commuters increasing, demonstrating that Sioux City is becoming more integrated with its metropolitan area. However, it also suggests that there is more competition for places to live and work around the city.

Table 3 Key Economic Characteristic of Sioux City, MSA, and Tri-State

	City	change 2000-2012	MSA	change 2000-2012	Tri-State	change 2000-2012
Median income	\$ 42,845	-17%	\$ 49,257	-9%	\$ 50,844	-5%
% Below High School	16%	-23%	14%	-19%	10%	-27%
% College Graduate	20%	2%	20%	6%	26%	27%
Unemployment	6%	39%	5%	39%	6%	48%

6 Sioux City “Statistical Section Table XVI” 2010

### CONTEXT SUMMARY

Sioux City boomed early with industry but has been in decline for much of the last 50 years. During this time, they witnessed the loss of much of their traditional manufacturing base and population. These trends have resulted in increased competition for neighborhood choice and caused median incomes to decline. Meanwhile, the population within the City spread out with many residents moving to the newly forming suburbs and in the City's surrounding municipalities, instead of to older homes located near downtown. These factors meant that residents invested more money and social capital in newer neighborhoods instead of the older ones. Over time, these processes resulted in deferred property maintenance and insufficient investment in neighborhoods near downtown which led to the deterioration in the urban core that is visible today.

## Chapter 3

# THE PROBLEM



### PUBLIC AND STAKEHOLDER INPUT

Public input was important for this study to identify what concerns the residents of Sioux City had related to housing. This was the first step, and it allowed the team to verify that problems seen in the data were also problems that residents experienced. Additionally, it helped confirm that there were no other problems specifically related to housing in Sioux City that the team did not consider when developing recommendations.

#### PUBLIC INPUT: THE PROBLEM

##### STRENGTHS:

- Neighborhood pride
- Neighborhood character
- Small/walkable
- Quality schools
- Affordable homeownership

Sioux City has strong neighborhoods and communities. This is a critical piece for making sustainable interventions in the housing market.

##### WEAKNESSES:

- Deterioration of older housing
- Irresponsible landlords & tenants
- Poor Infrastructure in older areas
- Unaffordable rental units

Weaknesses are related to issues caused by economic disinvestment. Often they involved rental housing in that absentee landlords did not adequately maintain, but deterioration of aged housing was noted as a general problem.

The first round of public input was comprised of conference calls with stakeholders and several focus group meetings in Sioux City. These were chosen because they were efficient and effective, especially given time and distance constraints. The first series of conference calls occurred in September 2014 and included City staff and commission members. The five initial focus group meetings were held in Sioux City in October 2014.

Receiving public input from different stakeholder groups was important because analysis and policy

must balance many differing interests. Groups involved at this stage were the Neighborhood Network, Human Rights Commission, City Staff from the Housing Authority, Neighborhood Services, Urban Planning and Building Inspections, the Historic Preservation Commission, and the Siouxland Rental Association. The Siouxland Homebuilders Association and a historic preservation non-profit called SiouxLandmark were also invited but could not attend. Our goal with this first round of public input was to get a better feeling for Sioux City, its neighborhoods, and its housing issues.

We chose groups based on their expertise on housing and neighborhood issues in Sioux City, and we also felt that these groups were best able to help identify key strengths, weaknesses, and issues related to housing.

These meetings indicated that housing deterioration was the primary local concern for residents. Rental properties were also cited as a problem, though the concern with rentals stemmed from dilapidated structures and lack of upkeep. Participants attributed deterioration to a number of factors including tenure, an aging housing stock, low incomes, infrequent inspections, irresponsible management and renters, and the high cost of rehabilitation for deteriorated homes. In addition, these groups identified the residential areas near downtown as being the locations where issues were most prominent. High demand for rental units was also noted as a potential problem. This should be studied in future research.

# NEIGHBORHOOD DISINVESTMENT

Once deterioration was identified as the key problem, it became clear that neighborhood disinvestment over the past several decades has led to the current state of affairs. Neighborhood disinvestment is “the sustained and systematic withdrawal of capital investment from the built environment.”<sup>7</sup> As Sioux City’s urban core competed with newer areas on the fringe of the City and in the surrounding communities for the limited resources of the City’s residents, it received less investment. Over time, residents consistently invested in the newer neighborhoods at the expense of its historic core.

The role of economic disinvestment in neighborhood decline is widely recognized.<sup>8</sup> Over time, disinvestment manifests itself as housing deterioration as maintenance is continuously deferred. These physical signs



Figure 7 Two residents, part of the Neighborhood Council, and the City Engineer point out areas they think need improvement to two member of the Study Team. They identified most of the Central City as an area that needs improvement.



Figure 8 The Vicious Cycle of Disinvestment

7 Caris, Smith, and Whyly, “The “Camden Syndrome” and the Menace of Suburban Decline,” 2001.

8 Gibson 2007, Brueckner and Helsley 2009, Raleighy and Galster 2014

of disinvestment take a long time to become visible themselves as deteriorated homes because it takes time for properties to wear out. However, once this process occurs, a vicious cycle of disinvestment and housing deterioration begins, and it can spread throughout a neighborhood.

### HOUSING DETERIORATION

As housing becomes visibly deteriorated, it begins to negatively affect surrounding property values. These effects, called externalities, signal a failure for the neighborhood's housing market because healthy markets require costs and benefits to be incurred solely by the owner. When they are borne instead by neighboring owners, everyone in the neighborhood has less incentive to maintain their properties because there is less return on investment in one's property. Over time, the entire neighborhood's housing market suffers as visible signs of disinvestment and property deterioration spreads. However, it is not just blight that lowers market values.<sup>9</sup> Poorly kept houses also lead to negative perceptions of

#### INVESTMENT GAP

One important aspect of neighborhood disinvestment is the so-called "investment gap." This is the difference between the amount of investment required to restore a house to a good condition and the market value of that home after rehabilitation. Because the value of homes in areas with deterioration are depressed, the investment gap makes it unlikely that housing in these areas will see improvement.

The following though experiment illustrates this point. A house is worth \$45,000 on the market but is in need of \$25,000 in repairs. Upon the completion of this rehabilitation, the owner has spent \$70,000 total. However, the average sales price in the neighborhood is less than \$50,000 because deteriorated properties are lowering the neighborhood's housing market values; this leaves a likely investment gap of \$20,000. This means that the owner is unlikely to see most their investment reflected in the new market value, so it makes it unlikely that the owner would invest their money in the first place. The same is true of external investors.

<sup>9</sup> Gibson, "Bleeding Albina: A History of Community Disinvestment, 1940-2000," 2008.

an area which further lowers demand and therefore the value of homes in that market.

As demand for the neighborhood decreases, residents who can move out do so. Those without the means to leave are left in a substandard housing stock. At this time, renter occupancy also increases and absentee landlords are able to spend less on repairs to increase their profits, despite lower market value. This further erodes the quality of life for those who are left, including families that choose to remain in their homes.

The social cost of substandard living conditions for residents is the most apparent result of neighborhood disinvestment.<sup>10</sup> However, these issues affect more than just the health and safety of those who live in dilapidated housing.

Because blight depresses surrounding property values, the City's tax base suffers as well. Lower home values generate less taxes to support municipal activities, the City incurs increased costs for areas suffering disinvestment because they require more services such as Fire, Police, and Inspections to deal with the increased chance of fire, crime and safety issues stemming from dilapidation.<sup>11</sup> This creates a higher tax burden for other residents of the City, including those who left for new developments on the City's fringe.

Economic disinvestment in the urban core is an inherently unsustainable process, especially in cities with stagnant and decreasing populations where residents must bear an ever-increasing tax-burden. Without some form of coordinated reinvestment, dilapidated areas will continue to deteriorate and the City's tax base will be spread ever thinner.

While this report notes that public input was essential to first identifying housing deterioration as the primary housing issue in Sioux City, an analysis of the data also supports these claims. The following section explores the magnitude and spatial extent of deterioration in Sioux City, as well as those factors that are related to it like the age, tenure, and type of housing. By understanding where deterioration is and how it relates to other factors, policy can be better guided to address its root causes.

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<sup>10</sup> Cummins and Jackson, "The Built Environment and Children's Health," 2001.

<sup>11</sup> Galster and Raleigh, "Neighborhood Disinvestment, Abandonment, and Crime Dynamics," 2014; Bass et al, "Vacant Properties: The True Costs to Communities," 2005.





## Chapter 4

# DETERIORATION AND RELATED FACTORS



## DETERIORATION IN SIOUX CITY

Neighborhood disinvestment and the subsequent housing deterioration that it causes is the primary focus of this study, so much of the analysis is focused on understanding the magnitude and spatial extent of deterioration in Sioux City. This includes understanding the relationships between deterioration, age, tenure, and conversions and identifying concentrations of these issues.

The Woodbury County Assessor’s housing condition rating provides a good measure of deterioration. The assessor uses seven ratings ranging from ‘very poor’ to ‘excellent’ to judge a home’s condition. Each rating takes into account the age of the building, meaning that a home from 1900 assessed at ‘normal’ condition likely looks different than a ‘normal’ home from 2000. As such, age provide supplementary evidence about a home’s quality.<sup>12</sup> However, assessed condition by itself is one of the best available measure to study housing quality, especially as a relative measure, and it reveals that condition varies considerably by tenure and location.

City-wide, condition is positively skewed with only 3% of all parcels rated below normal condition and 29% rated above normal. This means that there are approximately 10 high quality parcels for every low quality parcel. This positive skew means that block groups with more than 7% of

their parcels with conditions below normal have high concentrations of deterioration, but block groups need at least 41% of its parcels over normal condition to have a high concentration of high-quality homes<sup>13</sup>. Was condition more normally distributed, one would expect these percentages to be the same. This disparity can be seen in Table 4 below.

Table 4 Assessors Condition in Sioux City

Condition	Number of parcels	Percentage
Very Poor	7	0.0%
Poor	44	0.2%
Below Normal	719	3.1%
Normal	15,618	67.6%
Above Normal	4,380	19.0%
Very Good	1,985	8.6%
Excellent	356	1.5%
All Parcels with Condition	23,109	100.0%
Comparison		
VP, P, BN (Under Normal)	770	3.3%
Normal	15,618	67.6%
AN, VG, E (Above Normal)	6,721	29.1%

Housing deterioration, as seen in low housing condition, is concentrated in Midtown and Westside, while housing in good condition is scattered throughout the city. These findings coincide with stakeholder opinion, especially as public input accurately identified these neighborhoods as exhibiting signs of deterioration. Block groups that have high concentrations of deteriorated properties also tend to be more racially and

<sup>12</sup> 24,015 parcels out of 30,673 (78%) were given a condition rating, mostly due to many parcels being unable to have a condition (i.e. vacant land). The parcel data used for this analysis was obtained from the City of Sioux City on September 5th, 2014. Roughly 22,980 parcels have a residential land use, the vast majority of which are single family lots.

<sup>13</sup> High concentrations are defined as being in the upper quintile of percent of deteriorated properties.

ethnically diverse, have less well-educated residents, and have lower incomes compared to other parts of the City. They are also largely composed of renter households. These results are what one would expect from an area suffering disinvestment as those who remain in dilapidated areas do not have the option to leave and housing is more likely to be renter-occupied.

One thing that is noticeable about deterioration in Sioux City is that it is not confined to residential areas alone. Some areas that have concentrations of blight are primarily commercial, including the block group containing Sioux City's downtown. This suggests that the problem is wider than just residential deterioration, likely because employment has also dispersed over the metro along with residents.

However, this project focuses on housing deteriorated and residential land uses for several reasons. First, properties that are deteriorated are more likely to be residential. This is important because the residential tax base is larger than the commercial tax base, especially as commercial properties are increasingly found in tax exempt districts. Second, residential buildings cause more direct harm to residents through increased health and safety concerns and decreased quality of life. Finally residential deterioration has not yet been studied in Sioux City. However, commercial properties have already received some attention, especially those downtown. For these reasons, we excluded non-residential areas from much of this analysis.

Two sets of factors are especially relevant when looking at residential

deterioration in Sioux City. First, the age of the housing stock has played a role as older areas tend to have more deteriorated properties. Second rental units and conversions, two concerns of residents, are also more likely to be dilapidated. These three factors were chosen for investigation because they were identified by stakeholders as major issues, and they could be verified as issues in the data.

### AGE OF HOUSING STOCK

The age of the housing contributes to deterioration. The City as a whole is old with an average building age of 1936, but Midtown, the city's oldest neighborhood, has an average age of more than 100 years. The City developed with younger subdivisions appearing in rings around the downtown, though Morningside, Riverside, and Leeds are older areas compared to the suburban growth around them.

Age factors into condition at the neighborhood level because older neighborhoods have systematically seen less investment over time and have run down as a result. This goes beyond the structures themselves, and it

**Table 5 Median Deteriorated Parcels by Block Group Average Age**

Average Age	Deteriorated Parcels
1900-1915	12.6%
1916-1930	4.3%
1931-1945	1.9%
1946-1960	1.2%
1961-1975	0.5%
1975+	0.0%

includes older infrastructure such as sidewalks, stormwater systems, and other considerations. Whereas the median neighborhood with an average building age between the turn-of-the-century and 1915 has about one-in-eight parcels with a condition below normal, the median neighborhood with an average age after 1975 has no dilapidated properties.

Despite these facts, age can also be an asset for neighborhoods. Studies have shown that historic areas are often able to generate higher price points because they can contribute to a unique and desirable neighborhood

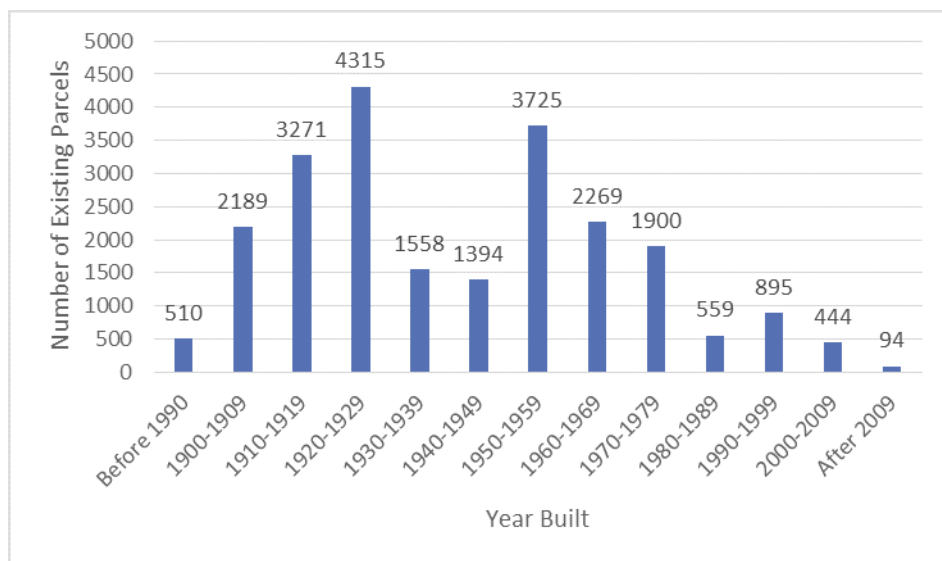


Figure 9 Age of Sioux City's Housing Stock

character<sup>14</sup>. However, not all older housing contributes to a historic character – it depends on the quality and style from the time in which it was built and how the house has been maintained and preserved.

14

Zahirovic-Herbert and Chatterjee, "Historic Preservation and Residential Property Values: Evidence from Quantile Regression," 2012.

It should again be added that assessor's condition ratings are measured relative to age. As such, the housing stock's average age supplements the assessor's condition. Areas that have both a poor condition and an older average age are likely in worse condition than newer neighborhoods with the same proportion of deteriorated properties.

The age of housing is important because preventing deterioration through maintenance or rehabilitation tends to be more costly for older homes in areas with long-term deferred maintenance. Consequently, they have had time to wear out and may not be updated, so repairs like re-wiring a home's electrical system or improving energy efficiency may be necessary, but they are expensive. However, the benefits accrued from modernizing historic homes are just as great as the costs.

### TENURE AND CONVERSIONS

Housing tenure and conversions are also related to housing deterioration in Sioux City. Housing tenure refers to whether a housing unit is owner- or renter-occupied, and conversions are single family homes that have been 'converted' into multi-family units. Stakeholders were concerned with additional rentals because the City has some landlords who do not adequately maintain their property, so-called 'slumlords,' and tenants do not repair structures as they are primarily responsible for the interior of their dwelling units. Residents were concerned with conversions because they can change the historic character of neighborhoods and can be difficult to

maintain due to their large size and increased occupancy.

Rental property owners must obtain a rental permit from the city for a rental unit to be legally inhabited. Rental parcels are different from rental units in that units are a self-contained suite of rooms whereas a parcel is a legal division of land; consequently, one parcel can contain many units. Rental permits are available at the parcel level, but the number of parcels does not accurately reflect the number of units. About 15% of residential parcels are rental.<sup>15</sup>

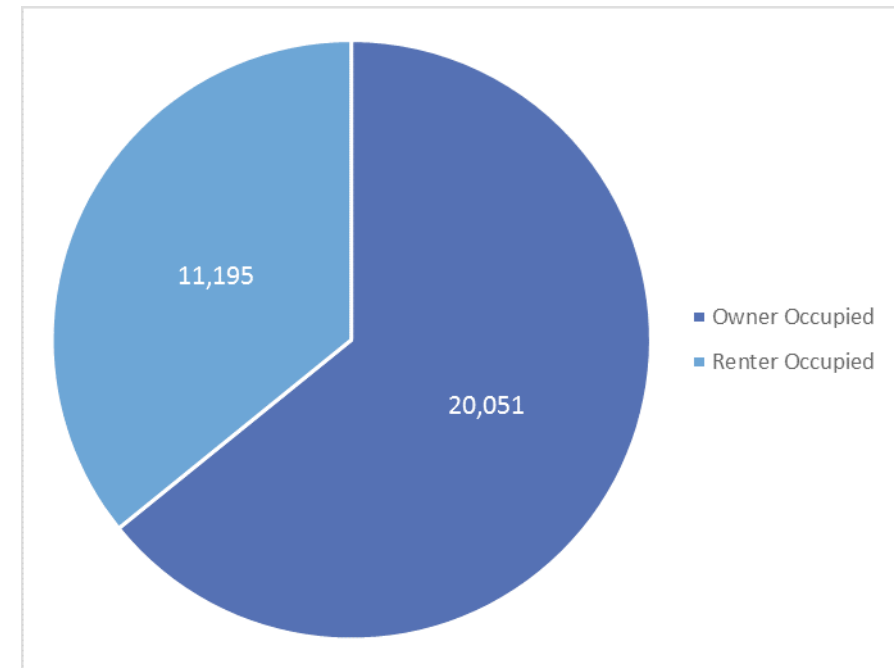


Figure 10 Sioux City Tenure

Approximately one third of units are renter-occupied in Sioux City,

<sup>15</sup>

It should be noted that not all rental units are permitted, but illegal rental data is difficult if not impossible to attain. This study assumes that illegal rentals are of a worse condition than permitted parcels, and so excluding them from the study provides a conservative estimate of the relationship between rental properties and deterioration.

higher than in the three bordering states. This percentage has also increased over the past 30 years<sup>16</sup>. Though much of the city’s neighborhoods has at least 1 in 5 of units occupied by renters. Midtown and other neighborhoods near the downtown have higher concentrations.

Conversions are of particular interest to stakeholders, and they are often located in older, historic areas. Typically, homes are converted when larger homes are no longer profitable for single family use, so landlords divide homes into two or more housing units. Conversions comprise about 3% of all parcels, and 17% of rental parcels.

Table 6 Sioux City Rental and Conversion Parcel by Assessed Condition

	Rental Parcels	Conversion Parcels	All Parcels with Condition
Below Normal	11.8%	18.5%	3.3%
Normal	64.2%	59.0%	67.6%
Above Normal	24.0%	22.5%	29.1%
Total	3,459	873	23,109

Parcels with rentals and conversions are more likely to be assessed below normal. Parcels with rental permits are more than three times as likely to be deteriorated compared to the entire city, while conversions are more than five times as likely. However, if a parcel is a rental conversion, then it is even more likely to be have a poor condition. About 1 in 5 rental conversions are rated below normal. Taken together, this suggests a strong

<sup>16</sup>

Census 1990, 2000, 2010

links between rentals, conversions, and housing deterioration. However, these trends go above just at an individual property level and so these are all strongly correlated at the neighborhood level as well.

While the data shows a connection between rentals, conversions, and deterioration, it does not imply causation. This is because deterioration could either be caused by rentals and conversions, or alternatively, it could be that deteriorated homes are more likely to become rentals or conversions. It is difficult to assess which is the cause and which is the result without longitudinal data. However, analysis strongly supports the fact that these traits are related.

### CONCENTRATED DETERIORATION

Information about the extent and magnitude of the condition, age, tenure, and use of the City's housing stock has several implications for policy addressing deterioration in Sioux City. First, it is apparent that appealing to owners alone will not adequately address deterioration in any meaningful way. Without accounting for landlords and tenants, very little will be accomplished. Second, it appears that many of these issues are only concentrated in a relatively small area of the City. Because of this fact, we have designated a Target Area to demarcate where disinvestment has led to widespread deterioration. By establishing a specific boundary for where the negative externalities associated with deterioration and disinvestment are

strongest, it allows a more targeted approach to provide solutions.

### IDENTIFYING THE TARGET AREA

The Target Area was determined by looking for trends at a block group level, as determined by the 2012 American Community Survey. We used block groups in order to be able to utilize census data, though the boundaries for the Target Area could also be reevaluated following neighborhood boundaries. The criteria for block groups in the Target Area required that they had to:

1. Be predominantly residential
2. Have at least 5% (1 in 20 parcels) of their parcels in a deteriorated state
3. Have an average property age of more than 100 years

By meeting these three criteria, the Target Area ensures that it covers the most distressed residential areas in the City. Each criterion was chosen for a specific reason. Criterion 1 ensured that the block group were residential for the reasons previously mentioned. Criterion 2 identified those block groups with deterioration. Criterion 3 was chosen to account for the fact that condition is assessed relative to age, with the underlying assumption being that older deteriorated properties are more deteriorated than newer deteriorated properties.

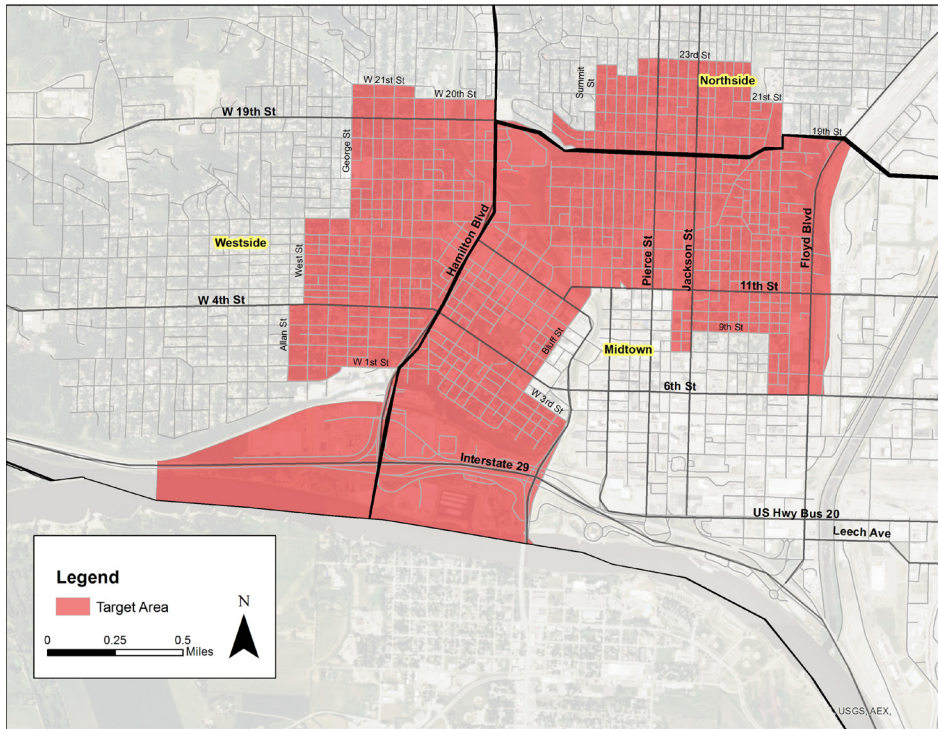


Figure 11 Target Area

## TARGET AREA CHARACTERISTICS

Generally, the Target Area identifies the Near Northside, Near Westside and the Midtown neighborhoods as areas in need of targeted reinvestment because it exemplifies neighborhood disinvestment in the City. Within this target area, 1 in 12 parcels are assessed at a below normal condition (approximately 1 per block) totaling 274 parcels, compared to about 1 in 30 houses city-wide. This means that 36% of the deteriorated parcels found city-wide are located in this Target Area despite only containing 12% of the city’s residential parcels.

The average age of housing in the area is also nearly three decades

Table 7 Target Area Versus City-wide Characteristics

	Target Area	City-wide
Deteriorated Properties	8%	3%
Average Age	108	60
Deteriorated Rentals	13%	12%
Deteriorated Conversions	26%	18%
Renter-Occupied	62%	36%
Median Home Value	\$60,612	\$93,700
Average Residential Assessed Value	\$39,437	\$88,351
Median Household Income	\$31,591	\$42,845
Non-White or Hispanic	61%	25%

older than that of the City itself. However, age in of itself does not cause deterioration; the issue here is long-term deferred maintenance which has occurred over many years as the migration to the suburbs increased and demand in the central city decreased.

Demographic and economic characteristics further reinforce that this area has suffered disinvestment. Its income and racial make-up reflect its disadvantaged position in the City’s hierarchy; that is, those who could afford to leave did, which left those who are unable to leave, such as minorities and households with lower incomes. Unfortunately, these are also the people who are less able to take care of the homes as they do not have the income required to make up for the deferred maintenance, assuming they own, the home at all. As a result of these characteristics, the average assessed value

### MOVING FORWARD

of property in the Target Area is nearly half of what is found City-wide.

This section contained information regarding deterioration and its related factors. In area's experiencing neighborhood disinvestment, one would expect to see many things concentrated in residential neighborhoods near Sioux City's downtown. These include:

1. Concentrations of deteriorated homes
2. Concentrations of rental and conversion units
3. Concentration of disadvantaged populations

In the Target Area, this was certainly the case. By choosing a Target Area to reflect disinvestment is a problem in a subset of the City's neighborhoods, it allows targeted interventions.

However, disinvestment has other effects too. For example, deterioration leads to depressed home values and a weaker housing market. By investigating the taxable value of the City over time and comparing it to the Target Area, the notion that the Target Area is experiencing neighborhood disinvestment can be further reinforced



## Chapter 5

# EFFECTS OF DETERIORATION



## EFFECTS ON THE HOUSING MARKET

Because disinvestment negatively affects property values through deterioration’s direct and spillover effects, one would expect the housing market to be weakest in areas with concentrated deterioration. This could be illustrated through low home values and rents, but other signs of a weak market – such as high vacancies, fewer normal sales, and more foreclosure sales – can also indicate disinvestment.

### HOME VALUES

Home values reflect a number of factors in the housing market. First it indicates the demand for housing with higher median sales prices reflecting stronger markets. However, home values can serve as a proxy for neighborhood characteristics, such as crime, and deterioration, among other things. Therefore the cost of housing can speak directly to demand.

Neighborhoods with lower home values also tend to be those that are older and that have more properties in poor condition. As such, median home value shows a negative correlation with the percent of deteriorated properties<sup>17</sup>. Said another way, areas with higher home values have fewer deteriorated homes and better overall conditions. On a map, this means that lower home values circle Midtown in the Near Northside and Westside neighborhoods. This mirrors the Target Area identified in the previous chapter.

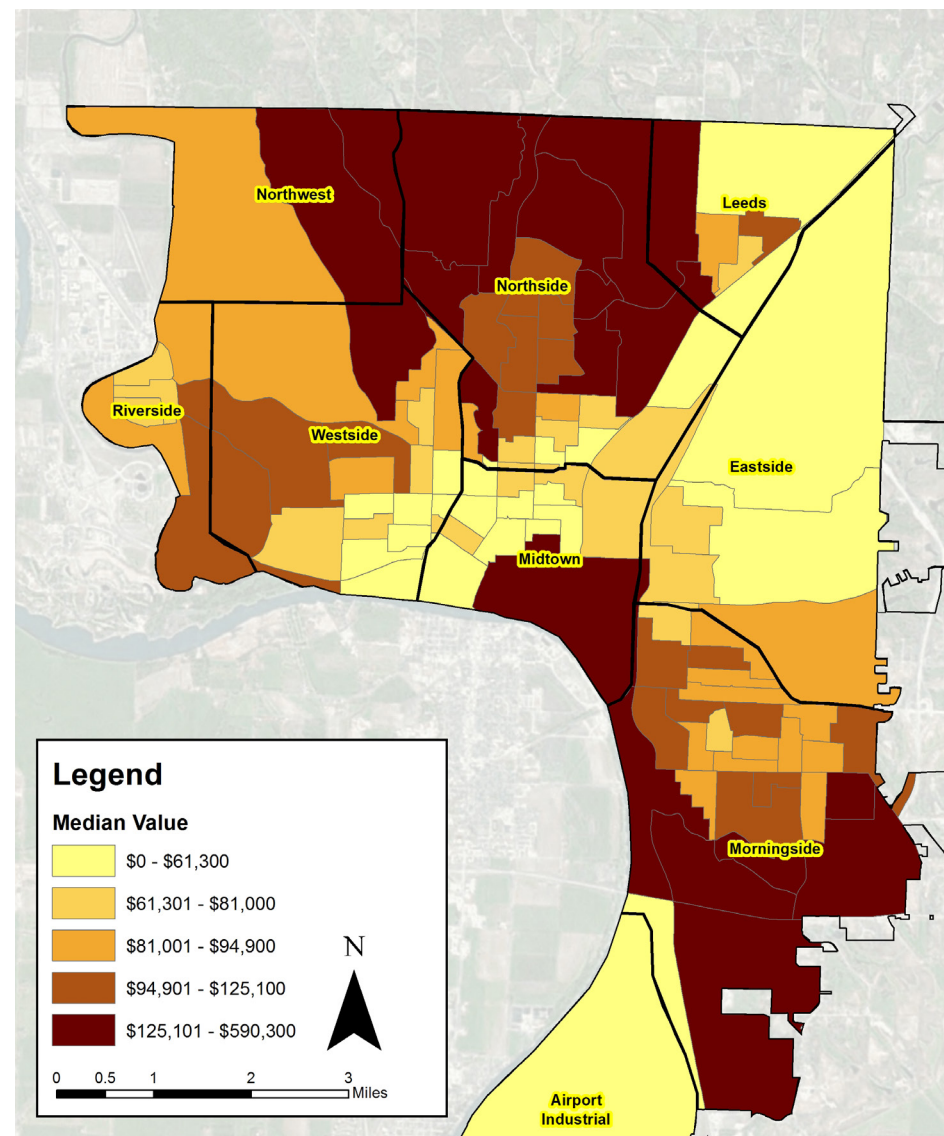


Figure 12 Median Value by Block Group, Sioux City, 2012 ACS 5 Year Estimate

17 Correlation result: (-0.22)

VACANCY

Vacancy rates further support this picture of Sioux City’s housing demand.<sup>18</sup> Spatially, residential vacancies are concentrated in Midtown with vacancy rates as high as 22%.<sup>19</sup> These numbers are high enough to signal a failing housing market, with a healthy vacancy rate being around 5%. In addition, a large number of vacant properties like deteriorated properties create their own spillover effects which can negatively affect surrounding property values.

Other parts of the city exhibit signs of a tighter housing market including Morningside, Riverside, and parts of Far Northside. These areas have vacancy rates below 2% and they tend to have more single family units. Areas in the metro outside of Sioux City’s jurisdiction also show lower vacancy rates. Every tract adjacent to Sioux City has residential vacancy rates below 2%.

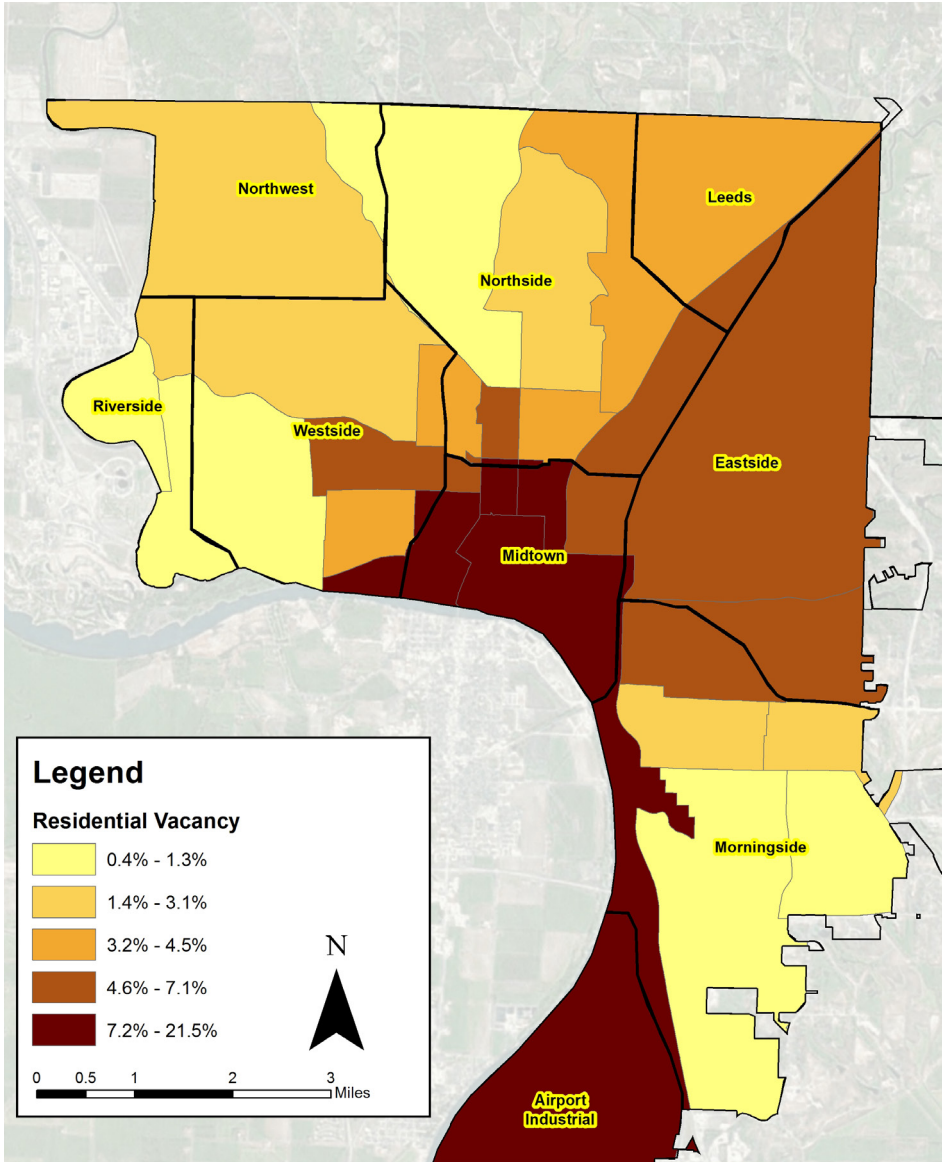


Figure 13 Residential Vacancy by Census Tract, Sioux City, USPS Data

18 Two sources are used for vacancy data. The first is the 2012 5-Year ACS, and the second is vacancy data from the United States Postal Service.

19 the tracts for southeast Midtown and Airport Industrial were joined in 2010, but the Airport contains few homes; this means the Airport Industrials high vacancy comes from the Midtown neighborhood

## SALES

Sioux City had nearly 3,000 normal residential sales between 2010 and Fall 2014, with modest homes being the norm. Most homes that are sold tend to be newer than the City’s average age by more than a decade, and homes that sold also had a better condition compared to the rest of the housing stock (only 2% of properties that were sold were deteriorated). Markets are weaker in areas near downtown with fewer sales. This supports the fact that these neighborhoods have less demand in fact, this trend is true in much of the Target Area. However, the presence of sales is encouraging because it suggests that there is a market, even if it is weak. If the condition of the homes is improved, the market could also be improved as the negative spillover effects are eliminated.

### RESIDENTIAL SALES SINCE 2010

Average Price: <b>\$105,655</b> Per sqft <b>\$82.14</b>	Median year built: <b>1950</b>	Median Home: <b>1,193 sqft</b> 3 Bedrooms 1.5 bathrooms	Average Lot Size: <b>0.17 acres</b>
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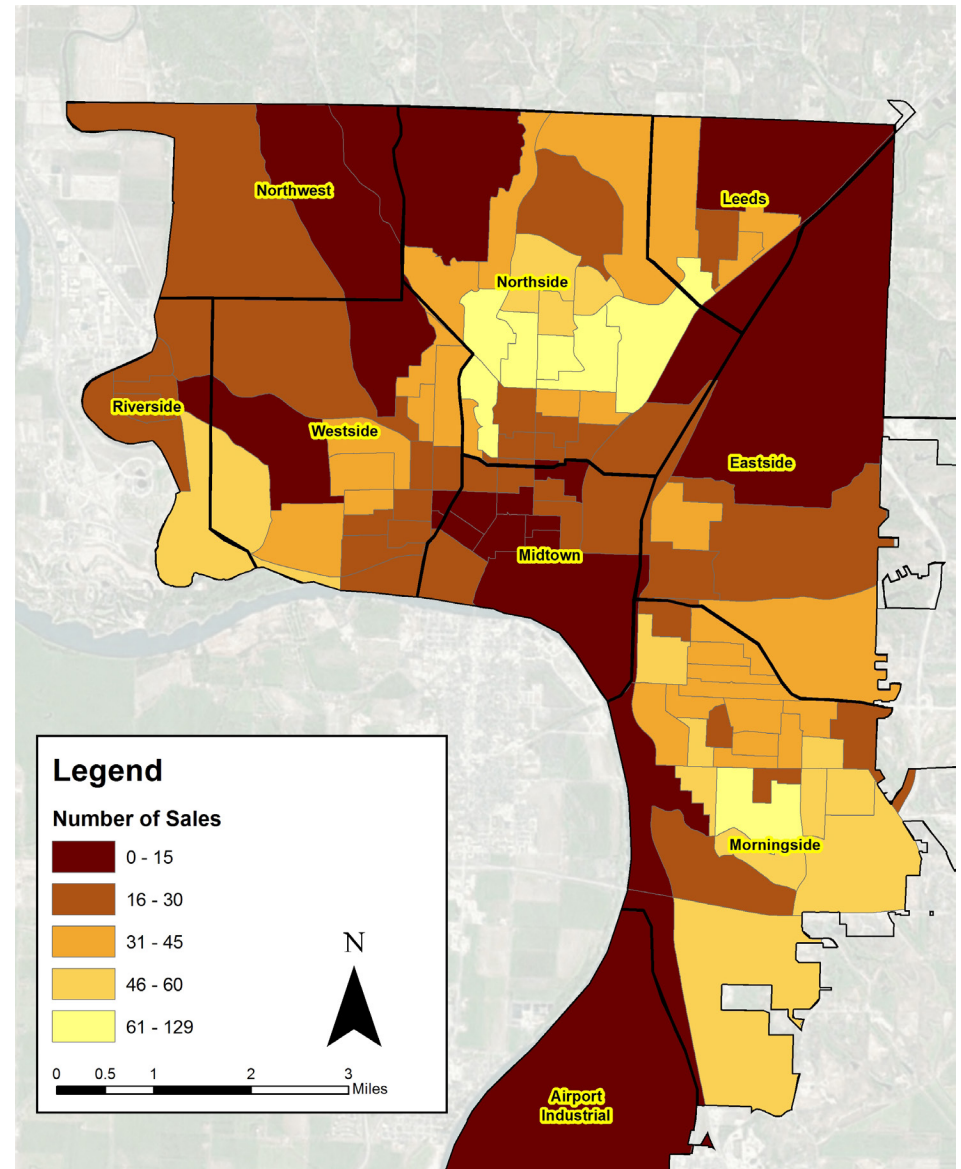


Figure 14 Number of Sales by Block Group, Sioux City, Woodbury County Parcel Data

# EFFECTS ON THE TAX BASE

The weakened housing market in the Target Area in deteriorated areas is one of the most significant ways that residential deterioration impacts the City. This is why deterioration in the Target Area is not just an individual, or even neighborhood level issue, but a City-wide issue. First, a dilapidated property will have lower values than other comparable properties; this is the direct effect of deterioration. However, a decrease in property taxes as a result of deterioration causes surrounding property values to decrease. A study assessing this impact in Cleveland Ohio concluded that the impact of a deteriorated home affects any property within 150 feet by approximately 3%.<sup>20</sup> This means that when one home becomes deteriorated there can be a widespread impact on home values within a neighborhood.

Because an area is less desirable when it contains dilapidated properties, values become depressed, so residential property taxes collected by the City decrease. This means that parcels within the deteriorated area become underperforming assets compared to properties elsewhere in the City. As disinvestment continues, the City’s tax base in the central City shrinks and homes elsewhere in the City either have to pick up the slack through increased taxes, or by cutting other costs. This strains the rest of the tax base. These reasons make it especially important for cities to address deterioration.

20 Ding, Chengri, Robert Simons, and Esmail Baku. “The Effect of Residential Investment on Nearby Property Values: Evidence from Cleveland, Ohio.” 2000.

## CITY-WIDE PROPERTY TAXES

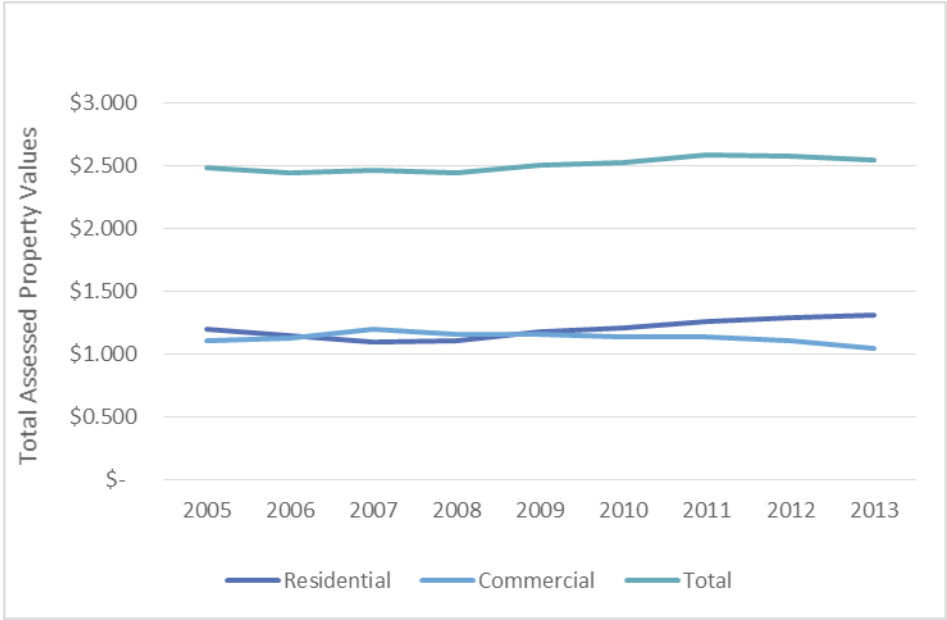


Figure 15 Assessed Property Taxable Value in Sioux City (Billions)

To fully understand the impact that deterioration in the Target Area has on the City as a whole, it is important to first understand the composition of residential property taxes city-wide. Residential property taxes are critical to cities because they make up a significant portion of total revenues. In the State of Iowa, homeowners comprise 48% of total property taxes.<sup>21</sup> In Sioux City, that number is even higher with residential taxable value comprising 51% of the City’s tax base, a proportion that has increased since 2007.<sup>22</sup> 40% of residential property taxes collected in Sioux City go to the

21 “Citizen’s Financial Guide Sioux City, Iowa.” 2011.  
 22 “Valuations Archive.” Iowa Department of Management (DOM).

## Chapter 5 Effects of Deterioration

City and 39% to the Sioux City Community School District. Residential property taxes are essential for the City and the School District to operate.

Sioux City's total taxable value has increased slightly in real terms since 2011. However, Figure 15 also shows that residential taxable values are increasing faster, while commercial values decrease. This means that revenue from residential properties are becoming increasingly important to the City budget. For residents, this has had unfortunate consequences. The City increased property taxes by an average of \$31 for a home valued at \$100,000 for the FY2015 Budget a move that may have been avoided if the tax base was less strained.<sup>23</sup>

**Table 7 Residential Property Tax by Assessed Condition in Sioux City, Sioux City Parcel Data**

	(1) Deteriorated	Not Deteriorated	(3) All Parcels	(1)/(3)
Residential Parcels	710	22,927	23,633	3.0%
Tax per Parcel	\$ 912	\$ 1,990		46%
Net Property Tax	\$ 644,073	\$ 45,622,986	\$ 46,267,059	1.4%
Total Building Value	\$ 27,662,000	\$ 1,749,823,550	\$ 1,777,485,550	1.6%
Living Area (sqft)	935,882	29,829,056	30,764,938	3.0%
Building Value per Sqft	\$ 30	\$ 59		51%

In Sioux City, there are 710 deteriorated residential parcels. When comparing deteriorated parcels against those that are not, a few patterns emerge. First, parcels that are not deteriorated provide nearly \$1,100 more

in taxes per property. Therefore, even though deteriorated residential parcels comprise only 3% of residential parcels, they only provide less than 1.4% of residential property taxes. This is because deteriorated parcels have only half of the taxable building value that non-deteriorated parcels do. These are the direct effects of deterioration as mentioned above.

**Table 8 Impact of deterioration on adjacent properties**

Within 150' of a Deteriorated Property	
Net Property Tax	\$ 11,194,571
Residential Parcels	7,618
Tax per Parcel	\$ 1,469

These effects spillover onto parcels near deterioration. City-wide there are 7,618 parcels within 150 feet of a deteriorated parcel. Figure 16 shows a subset of these parcels around the Target Area. The total assessed value of properties within 150 feet of a deteriorated home is approximately \$576 million, and the effects of deterioration on them is noticeable. They have an average tax per parcel of \$1,469, 35% lower than non-deteriorated residential parcels city-wide. This decrease in taxable value is noticeably larger than the literature suggests, but for the purpose of measuring the benefits and costs later in the paper, we use the more conservative estimate from the literature.

23

Gausman "Sioux City Budget Cuts Aren't Enough to Avoid a Tax Increase." 2014

TARGET AREA PROPERTY TAXES

The Target Area exhibits similarly depressed residential values. Both the City and the Target Area have seen a decrease in average assessed values for residential properties from 2005 to 2013. However, a major disparity is evident between the Target Area’s average assessed value and the city-wide average. Values are nearly \$40,000 lower in the Target Area, despite homes having a similar average size.

Additionally, the Target Area has decreased at a faster rate than is occurring city-wide. Overall, the decrease in taxable value was 12% for the City where as it was 28% for the Target Area. This supports the assertion

that deterioration its related issues to deterioration have contributed to a decrease in taxable value in Sioux City. Regardless, the Target Area is losing value more quickly than the City, which makes it a burden instead of an asset. This shows that deterioration of the central city’s residential housing stock is not just a neighborhood problem, but a City problem.

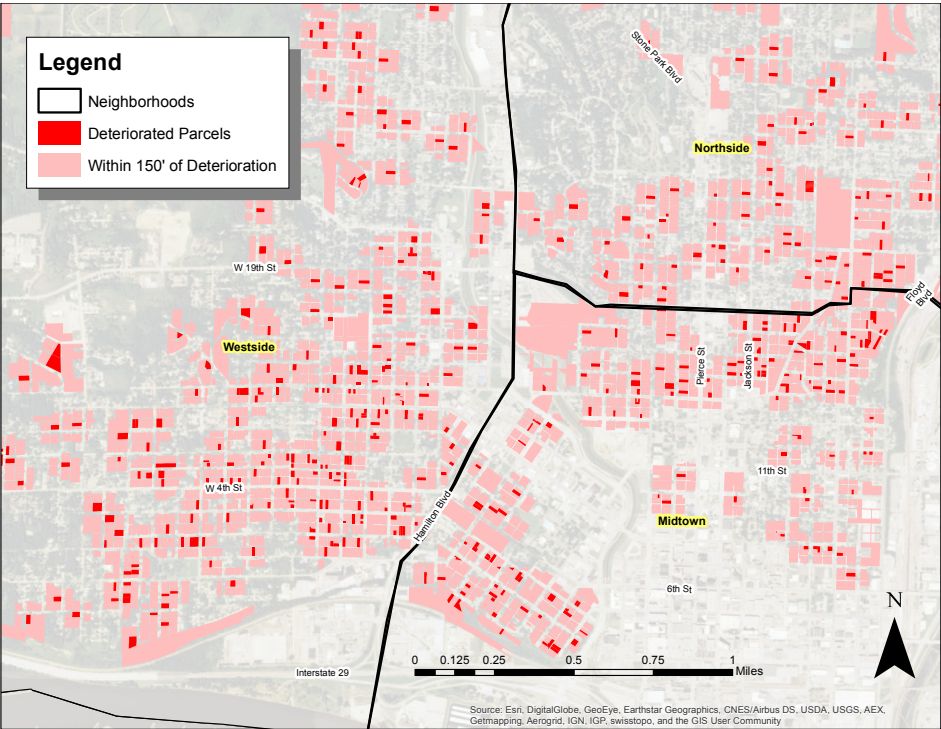


Figure 16 Deterioration and Surrounding Parcels in the Target Area

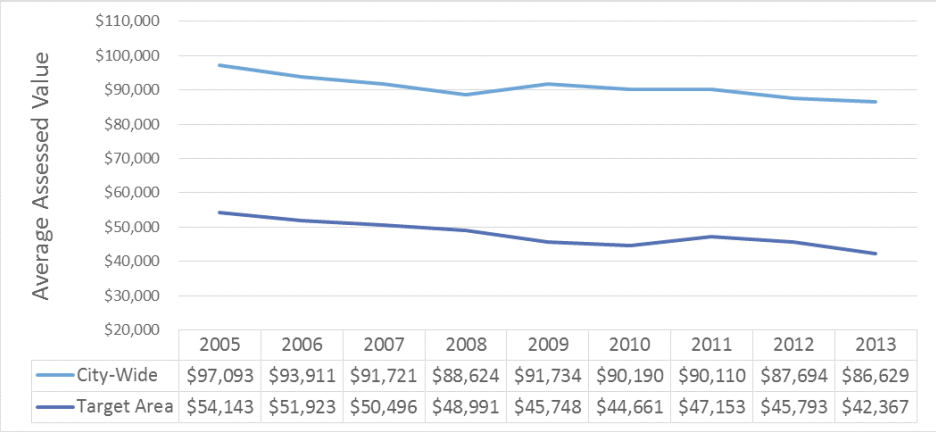


Figure 17 Average Assessed Value Change 2005-2013

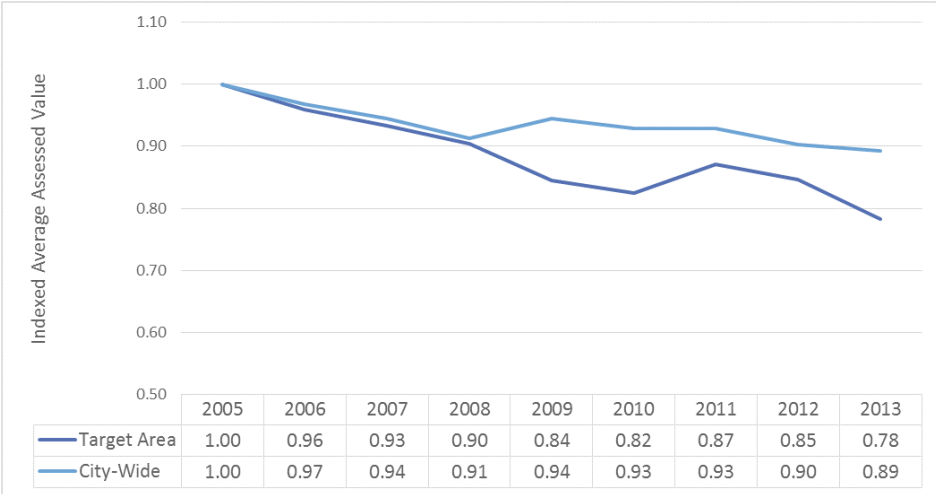


Figure 18 Assessed Value Rate of Change 2005-2013

### INCREASED SERVICE COSTS

Dilapidation is a problem beyond just decreasing the tax base; costs for services also increase. This is because as neighborhoods deteriorate, they become more likely to have criminal activity, issues with fire, and complaints which require code enforcement actions. This exacerbates issues as the tax base increases.

As neighborhoods deteriorate, homes become dilapidated and abandoned, which can make them a target for crime. Studies show that crime and property values are closely linked,<sup>24</sup> and the Target Area is no different. As such, it tends to have higher levels of criminal activity compared to the rest of the City, and as a result it requires more police time and resources. In fact, one recent case, within the Target Area had an abandoned home used as a hideout; in the process a police officer was injured.<sup>25</sup> Consequently, residents are aware of the how deterioration and abandonment could be part of a crime.

In addition, if homes are not maintained and updated, issues like outdated electrical systems can become major fire hazards, especially in housing that is not energy efficient. This issue was mentioned during both rounds and of public input and data from the Fire Department supports it. Fire Station 1, Sioux City's fire station that responds to the Target Area

has more fires compared to the other stations, and they deal with many issues related to abandoned homes as well. In 2014, the Fire Department responded to five fires in vacant buildings, requiring 157 total man hours.<sup>26</sup> This costed approximately \$3,925 in personnel to respond to issues related to abandon buildings. Throughout that year, Station 1 responded to 82 other fire related issues costing an estimated \$20,375 to the City.

Finally, as the cycle of neighborhood disinvestment causes widespread dilapidation, more inspection services are needed. This happens primarily in response to additional nuisance violations, red-tags, and complaint-prompted inspections, all which cost the City money above and beyond the initial loss of taxable value.

The thing to keep in mind is that deterioration and its costs are the result of individual rational choices in a market that result in market inefficiencies. One of the jobs of planners is to recognize these market failures and make actions to correct them. The following section discusses ways in which the City of Sioux City is currently attempting to address these issues.

<sup>24</sup> Tita, Petras, and Greenbaum, "Crime and Residential Choice: A Neighborhood Level Analysis of the Impact of Crime on Housing Prices," 2006.

<sup>25</sup> Swanson, Conrad. "Sioux City Police Officer Wounded, Suspect in Custody," 2014

<sup>26</sup> Aesoph, Mark. 2014 Fire Response Data for Station 1.



## Chapter 6

### CURRENT CITY POLICY



# REINVESTING IN DISTRESSED NEIGHBORHOODS

While the process of neighborhood disinvestment is caused by individual, rational choices, it occurs at the neighborhood level. As a result, addressing this problem at an individual level is difficult if not impossible.<sup>27</sup>

To understand why this is the case, think through the following situation; No one in a distressed neighborhood has the market incentive to improve their own property because the surrounding properties depress their value. Consequently, reinvesting in one's property will not provide the owner the full value of their investment, but surrounding owners receive spillover benefits without incurring any cost. This means that the individual, rational choice is to wait for neighbors to improve their properties because it provides the greatest individual benefit at the lowest individual cost. Unfortunately, this does not produce the best outcome for all involved.<sup>28</sup>

The optimal outcome requires that everyone reinvest in their property simultaneously, despite this not being the individual, rational choice. However, doing so it creates the greatest economic benefit and the highest return on investment for all owners, and it halts the cycle of disinvestment which improves property values. The fact that the best solution requires the full cooperation of a neighborhood's property owners is the result of deterioration being a neighborhood-level market failure, which makes this

a complicated goal.

The public sector is best able to address neighborhood disinvestment and housing deterioration because it can coordinate reinvestment through policy, programs and funding. As policy guides a neighborhood towards reinvestment and programmatic funds support it, a positive cycle of reinvestment begins. During this positive cycle, owners gain more return on investment for housing improvements, with increasing investment spurring ever-higher returns. This improves the incentive for property maintenance, and the proper conditions for a functioning market return.

Public reinvestment takes a number of forms. Judicious use of rehabilitation, new construction, demolition, and other policy instruments can make up for the investment gap found in depressed housing markets. Public improvements, like roads or parks can also provide additional momentum to the market.<sup>29</sup> In addition, Partnerships with the private and nonprofit sectors and neighborhood activism can generate interest in reinvestment. Sioux City uses most of these tools.

<sup>27</sup> Brueckner and Helsley 2009

<sup>28</sup> Cruz and Brito 2014

<sup>29</sup> Mallach 2012, Newell 2009

# SIoux CITY'S HOUSING POLICY

Sioux City's approach to address neighborhood disinvestment includes housing rehabilitation, new construction, and various forms of housing assistance. The City also uses elements of the City Code to enforce the basic safety of the housing stock, historic preservation to maintain the unique character of older neighborhoods, neighborhood organization to promote the development of social capital and the flow of information, and demolition to address severe dilapidation<sup>30</sup>.

## REHABILITATION PROGRAMS

Housing rehabilitation is one of Sioux City's most important policies for addressing housing deterioration. All rehabilitation programs aim to assist low income populations, make housing safer, and incentivize the improvement of the built environment. The City has tried to accomplish these goals through both a focused, place-based approach as well as a city-wide purpose-based rehabilitation. Place-based programs provide funding for substantial rehabilitation with funding only allowed in Urban Revitalization Areas (URAs). Currently, the city has two designated URAs – Rose Hill and Jones Street – which are located in the residential neighborhoods just north of downtown. There have been other areas designated as URAs too, including Riverside and Greenville; both have been cited as successfully

stabilizing their neighborhood as evidenced by increased property values and decreased levels of deterioration.

In total, the Rose Hill URA has received \$1,032,124 since 2003 for the purposes of housing rehabilitation. When Rose Hill was designated as an Urban Renewal Area, 32% of the properties were deteriorated, compared

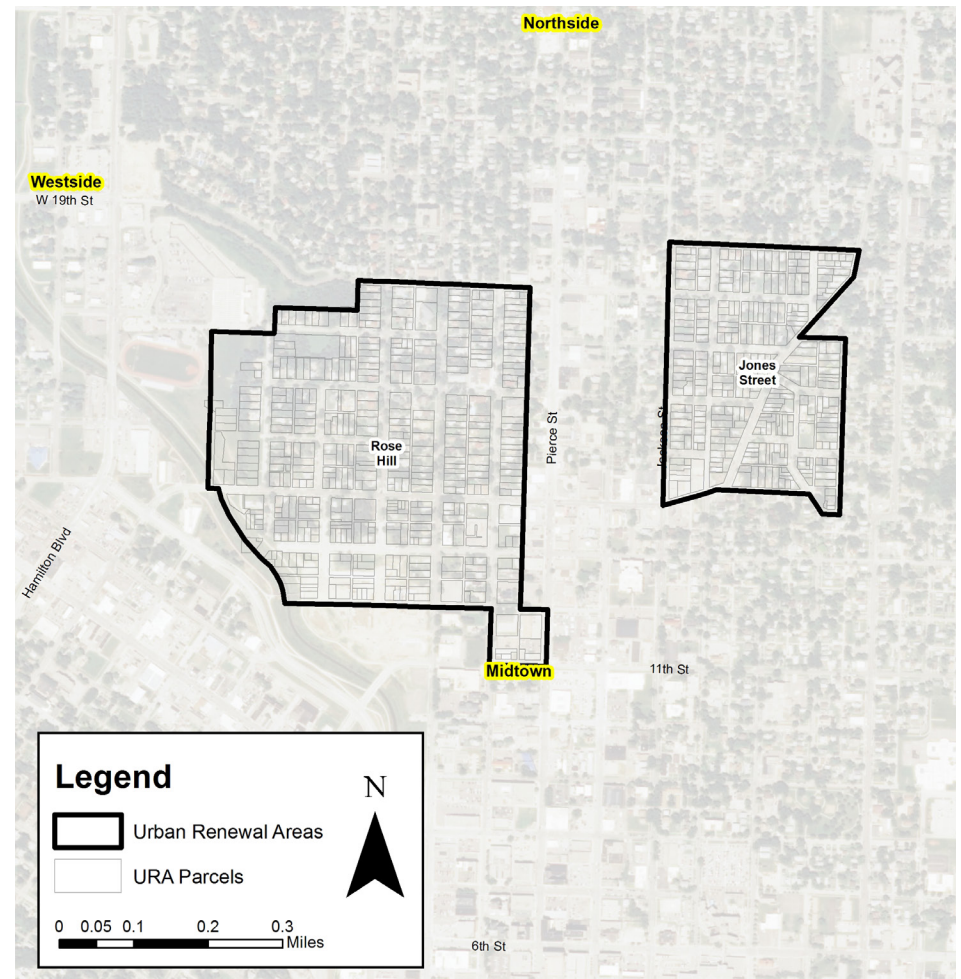


Figure 19 Current Urban Renewal Areas

<sup>30</sup> To look at Sioux City's Housing Policy we used information directly from the City of Sioux City. Data was provided by the Neighborhood Services, Community Development, and Building Inspection Services.

## Chapter 6 Current City Policy

Table 9 Sioux City Rehabilitation Programs

Sioux City Rehabilitation Programs				
	Program	Description	Homes Helped	Funding Allocation
Urban Renewal Areas	Owner-Occupied Rehabilitation *	Provides up to \$25,000 to low- and middle-income homeowners for major home renovations	50 (2010-2014)	\$1,205,500
	Rental Rehabilitation **	Provides up to \$5,000 per unit to landlords for exterior improvements	27 (2010-2012)	\$136,458
Citywide	Emergency Repair	Provides up to \$5,000 for emergency repairs to income eligible homeowners whose properties have been, or will be, placarded for demolition	37 (2010-2013)	\$134,495
	Urban Revitalization Tax Exemption	Allows property tax relief for up to ten years for anyone who makes substantial improvements to their existing home; the abatement depends upon the type of property and magnitude of investment	1149  (combined with new construction)	N/A
	Lead-Based Paint Hazard Control	Provides assistance (typically repair or replacement of windows, siding, other painted surfaces) to income-eligible homeowners and landlords for elimination of, or reduction in, lead hazards. <i>*Note this is the second grant received. The first grant was used on 70 homes.</i>	40 completed  (111 required by grant)	\$687,000
	Elderly & Disabled Repair	\$5,000 is available for minor home repairs to income eligible seniors (62 years or older).	N/A	\$513,348
	Barrier Removal	Finances the construction of ramps or other structures that improve accessibility of homes for income-eligible disabled persons.	N/A	\$299,824
	HOME Rental Rehabilitation ***	Partnership between developers and City to rehabilitate rental housing for low-income families and/or special needs populations.	483  (combined with rehab)	\$4,466,301
	Workforce Housing Tax Credit ****	Provides tax benefits of up to \$1 million per recipient, for certain housing rehabilitation projects targeted at middle-income households: housing rehabilitation or repair, (3) rehabilitation or repair of housing units in story above existing multi-use building, or rehabilitation or repair of housing in a community with distressed workforce housing.	N/A	N/A

\*Currently under re-design; \*\*Not funded in 2013 or 2014, beginning again July 1, 2015; \*\*\* Ended in 2011; \*\*\*\* Will begin in 2013.

to the 13% today.<sup>31</sup> Similarly, the Jones Street Urban Renewal District has received \$873,342 for housing rehabilitation purposes since 2005. When this area was designated as an Urban Renewal Area, 40% of the properties were considered to be below normal condition compared to 14% today. Both areas have seen some improvement, but the housing market has not returned to a functioning condition, so values are still depressed. In addition, Rose Hill and Jones Street are surrounded by other deteriorated areas.

This Urban Renewal approach was successful in the Riverside and Greenville neighborhoods. Beyond higher levels of funding, residents have noted that part of this was due to active neighborhood organizations and additional neighborhood policing. The Riverside (1995-2003) and Greenville (1998-2014) URA's both received more funding than Rose Hill and Jones Street (more than \$3.5 million in funding over their lifetime), and both are relatively isolated from surrounding areas by topography and land uses. This suggests that heavy funding and addressing deterioration throughout the area was important to the success, along with heavy neighborhood involvement.<sup>32</sup>

Programs available city-wide provide fewer funds and are typically for specific purposes. These programs are primarily concerned with incentives, keeping people in their homes, and making homes more accessible and

safe. One way that the City incentivizes rehabilitation is through its Urban Revitalization Tax Abatement (URTA), a policy that provides tax relief for a portion of the increase in taxable value resulting from substantial improvements. This could include anything that adds enough value to the property, with the type of improvement determining the length of the abatement. URTA can also be used for new construction. Other city-wide rehabilitation programs promote safety and accessibility. Most city-wide programs provide less than \$5,000 per property and so do not substantially address deterioration. See the Table 9 for a complete list of Sioux City's rehabilitation programs.

### NEW CONSTRUCTION PROGRAMS

The City's programs that promote new construction seek to create development that is high quality and affordable for most people. While it can be used for revitalization purposes, such as partnerships formed to renovate downtown condominiums, this policy is less applicable in low density residential areas until the market improves. However, it has implications about what redevelopment is possible.

The program that has received the most funding for new construction is the Single Family New Construction program, funded mostly through HOME funds. There was also a Rental New Construction program, but it ended as HUD changed regulations regarding the use of HOME allocations. As mentioned earlier, URTA also provides incentives for new

<sup>31</sup> Zerschling, "City Council designates Rose Hill and Jones Street as urban renewal areas," 2004

<sup>32</sup> Studies have shown that if rehabilitation projects are not past a critical threshold in terms of investment, it does not have significant positive impacts on neighboring properties. Ding et al

Table 10 Sioux City New Construction Programs

Sioux City New Construction Programs			
Program	Description	Homes Helped	Subsidy Allocation
Urban Revi-talization Tax Exemption	Allows for property tax relief for up to ten years for anyone who constructs a new home.	1149 (combined with new construc-tion)	N/A
HOME Rental Rehabilita-tion or New Construction ***	Partnership between developers and City to construct new rental housing for low-income families and/or special needs populations.	483 (combined with rehab)	\$4,466,301
Workforce Housing Tax Credit ****	Provides tax benefits of up to \$1 million per recipient, for housing projects targeted at middle-income house-holds; grayfield or brownfield site housing developments; or new construction in a com-munity with distressed workforce housing.	N/A	N/A
HOME New Single Family Construction	Provides funds for construction of new single family housing for low-income house-holds.	14	\$703,976

\*\*\* Ended in 2011; \*\*\*\* Will begin in 2013.

construction. In fact, it provides greater incentives for new construction over rehabilitation because the tax deductible abatement is based on the percentage of new value added; therefore incentives for new construction are higher. The Workforce Housing Tax Credit is a new program that the City expects to use. It is administered by the Iowa Economic Development Authority and is allocated on a project-bid basis.

While widespread new construction is not a feasible approach to revitalize the Target Area, new construction does have larger positive spillover effects than rehabilitation.<sup>33</sup> As such, it may be prudent to look to partnershipsto construct new housing on vacant lots as the area’s market improves enough to sustain new units.

### ASSISTANCE PROGRAMS

Housing assistance programs are primarily run through the Sioux City Housing Authority but is coordinated with Neighborhood Services. The focus of these programs is to help people in need of financial assistance attain housing. The City also promotes homeownership through the Family Self-sufficiency Program which provides a down payment assistance program and economic self-sufficiency through supportive services, like job training and counseling. Most assistance programs do not directly address deterioration, though many residents in the Target Area receives or is eligible to receive assistance, due to low incomes. The Siouxland Community

Table 10 Sioux City Assistance Programs

Sioux City Assistance Programs			
Program	Description	Homes Helped	Subsidy Allocation
Housing Choice Voucher (HCV or Section 8)	Provides rental assistance vouchers to low-income citizens to find their own housing.	5,950 (2009-2013)	\$4,457,502 (allocated for FY14 also funds VASH)
HOME Tenant Based Rental Assistance	Provides funds to low-income households to help pay rent, utility costs, security deposits, and utility deposits.	1108 (2010-2013)	\$121,555
City Wide Security Deposit Assistance	Provides money for security deposits for eligible applicants (not HCV participants). Amount of assistance is based on size of family, number of bedrooms in the unit, the actual rent for the home, and the security deposit requested.	N/A	\$35,000 allocated for FY 2014
Family Self Sufficiency Program	Families participating in the HCV program may join FSS, an employment and savings incentive program aimed at aiding families to become self-sufficient. Families are linked with support services to help meet planned goals over a 5-year period.	75 (program size)	\$225,000 (dispersed from escrow accounts since 1998)
Veterans Affairs Supportive Housing (VASH) Vouchers	HCV Rental Assistance Program for Veterans in conjunction with Veterans Affairs (VA) services in order to provide comprehensive assistance to homeless veterans. The VA determines eligibility and refers applicants to the SCHA	25	\$4,457,502 (allocated for FY14 also funds HCV)
MyPad Downpayment Assistance Program	Provides between \$1,000 and \$14,999 in down payment and closing cost assistance to eligible applicants (based on income level, household size, and must be pre-approved for a bank loan).	46 (2011-present)	\$247,087

Action Agency noted that they often had trouble finding homes for those receiving assistance because HUD requires a higher standard for property maintenance, and many homes in these areas do not meet that standard. Rising rents throughout the city could exacerbate this problem.

### OTHER PROGRAMS

The City has several other policies that also affect housing. These are typically policies that are not housing policy per se, but are related to housing in other departments, such as Planning, Inspections, Public Works, or Police. As such, they are important to consider when looking at strengths and weaknesses within the City's current policy. The four most important programs in the Target Area are those for historic preservation, demolition, the Neighborhood Network, and the Zoning Code.

### HISTORIC PRESERVATION

Sioux City actively supports historic preservation, and as such, has been a Certified Local Government since 1991. Currently, the City contains more than 340 eligible properties for the National Register of Historic Places and four national historic districts which include the Fourth Street, Morningside College, Rose Hill, and St. Boniface Historic Districts. The City also has a Historic Preservation Commission and a Historic Area District (HAD) to preserve "Sioux City's unique historic character<sup>34</sup>." The Pearl Street Historic and Fourth Street Districts are examples of HAD's

that have protection from specialized zoning and Design Standards.

For a property to be placed on the National Register of Historic Places, a structure must be at least 50 years old and meet one of the following criteria:

1. Associated with significant events or patterns in history;
2. Associated with the lives of significant persons in the past;
3. Is a good example of an architectural style and/or time period;
4. May contain information important in history or prehistory.

Benefits of being in a National Register Historic District include federal tax credits and grant funding opportunities. Property owners are still allowed to alter their property as they see fit, but significant alterations to the property's exterior may result in removal from the register. This excludes the property from otherwise available grants or tax credits.

Sioux City is a Certified Local Government, which means that it has a Historic Preservation Commission, can receive training and technical assistance from the Iowa State Historic Preservation Office, and is eligible for additional grant funding. Money acquired from this source can be used for surveys, rehabilitation projects, and National Register Nominations, among other activities.

Sioux City's architecture is important because its historic character fosters a sense of place uncommon in most cities. As such, the City strives to preserve its history, as it utilizes the National Register of Historic

<sup>34</sup> Sioux City City Code=25.02.060.3



Places requirements when considering if an old building is indeed historic. This study, supported by local stakeholders, asserts that old housing that is deteriorated to the point of threatening human health, safety, or welfare should not be preserved unless it will be improved or will likely be improved to sufficient standards. If a building is to be preserved, it must be competitive with other market options. Through conversations with Historic Preservation Commission members, it became clear that not all buildings can or should be preserved. While they would like to see historic homes rehabilitated because it is a more sustainable practice and contributes to Sioux City's character, members of the Commission noted that some are too far-gone to be saved and rehabilitation can be cost-prohibitive.

As such, rehabilitation efforts should be focused on properties that contribute to the historic fabric of the neighborhood and meet the National Register of Historic Places criteria.

**DEMOLITION**

Another program relevant to housing in the Target Area is the demolition of dilapidated homes. Sioux City's Building Inspection Division, is authorized to issue demolition notices for buildings that are deteriorated to the point of being unsafe for human habitation after the building has been red-tagged. The purpose of demolitions is to (1) rid the community of safety hazards, (2) provide relief to the neighborhood by eliminating severely dilapidated properties, and (3) provide space for redevelopment.

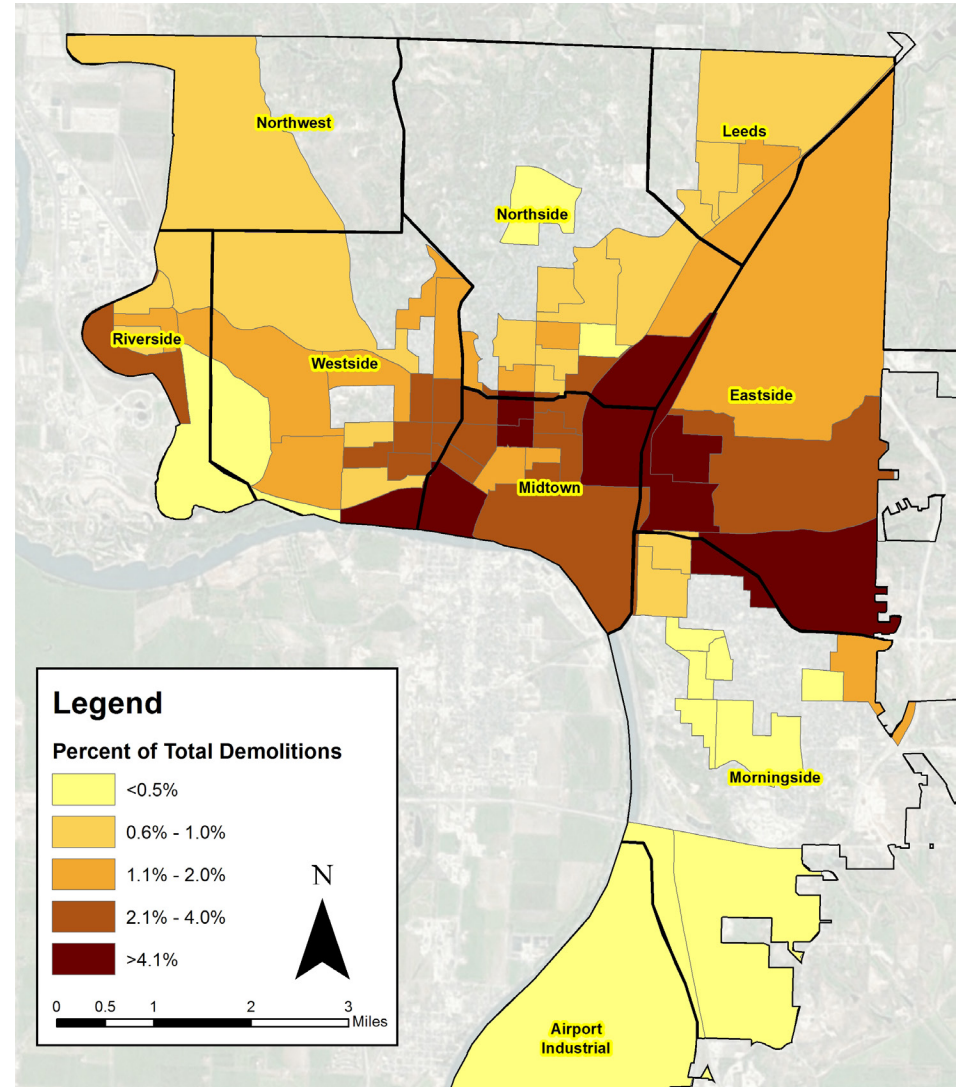


Figure 20 Percent of Demolitions from 2004-2014 by Block Group, Sioux City, Red-tag Data

Overall, Sioux City’s current demolition efforts are quite robust. From July 2004 to June 2014, the City demolished 180 homes at an average cost of approximately \$9,864. While this is a large number of demolitions, it is important to note that about twice as many homes are brought up to code after being red-tagged than are demolished by the City or the homeowner

**Table 11 Summary of Red-Tag Data**

Summary of Red-tag Data (2004-2014)	
Demolished by City	180
Demolished by owner	81
Brought up to code	473
Active cases	82
Total Spent by City*	\$1,949,999
Average Cost of Demolition	\$9,864

Because demolition has several goals, it is important to determine if they are being met by examining what has come of properties that were demolished. Of the 180 properties that the City demolished over the past ten years, only one site has been redeveloped. This occurred; in the Morningside neighborhood, an area with few demolitions. However, none of the parcels in the Target Area saw redevelopment.<sup>35</sup> This casts doubt on the chances of redevelopment, especially given the 10-year timeframe, which suggests that there is no market for the vacant parcels. Some of

this could be due to the old zoning code and its restrictive setbacks for historic lots. Whether the zoning code update prompts new development will require time to tell.

So far, demolition may have been too robust as it decreased the tax base. Consequently it should only be used as a last resort when health, safety, and welfare are a concern.

Future plans for Sioux City’s demolition program, are to reduce its funding over several years<sup>36</sup>. Funds will be re-allocated to new housing programs aimed to address dilapidation before it leads to demolition. We see this as an opportunity to address housing deterioration in a more proactive manner through substantial rehabilitation that might not have been feasible otherwise. If the influx of funding can be used to stabilize the housing market, City-funded demolition will no longer be necessary as reinvesting in properties benefits the owner.

### NEIGHBORHOOD NETWORK

Neighborhood Network is an important part of Sioux City’s housing policy because it allows Neighborhood Coalitions to communicate directly with the City about issues and work towards a solution to resolve those issues, many of which are housing-related. It allows residents to take part in decision-making that occurs within neighborhoods. This includes sharing opinions with various City departments such as Police, Fire, Community

<sup>35</sup> Some of the vacant land was acquired by neighboring property owners to create larger lots. Other parcels have been acquired by nonprofits which are more likely to redevelop the land. However, they have not yet been built upon.

<sup>36</sup> Interview with Jill and Darrel through stakeholder meetings.

Development, City Council, City Manager, Parks and Recreation, and more. It is also one of the key ways that the departments can disseminate information to residents.

The nine formal Coalitions are very active in preventing criminal activity, fundraising for neighborhood improvements, and cleaning up the neighborhood through special events. The Neighborhood Network is also active on Social Media where they advertise neighborhood and City events, programs, and accomplishments.

The Neighborhood Network is an excellent base for public outreach and public involvement efforts. It has also been integral in neighborhoods that have successfully been stabilized with URA rehabilitation funding. As such, it provides an important piece to housing policy that is often overlooked.

## ZONING CODE

Sioux City's City Council updated the zoning code on March 23, 2015, a significant event since many the code had not been rewritten since 1976. One revision made to the zoning code that plays a direct role for this project is added flexibility through the Neighborhood Conservation Districts (NCD) designation. NCDs allow for the redevelopment of lots within the central city that were previously nonconforming, or at least undevelopable due to setback requirements. The new code makes these lots, many of which are in the Target Area, conforming; this could potentially lead to redevelopment

of demolished lots if this was the primary barrier to redevelopment instead of the weak housing market.

Making nonconforming lots conform is also important because mortgages for houses on non-conforming lots were much harder to sell on the secondary market before the NCD provided additional flexibility.<sup>37</sup> While existing homes were grandfathered in, a change of circumstance could make a home nonconforming again. In addition, existing mortgages did not apply if the home was sold to a new homeowner; it became the new homeowners issue to deal with. The new code eliminates this problem which could improve the outlook of the Target Area by opening up options for owners or potential buyers.

Finally, the zoning code updates a few other features. It includes the HAD designation which can be used for additional local historic preservation efforts. The City will also be creating a new comprehensive plan which could further alter the City's policy direction. It is the hope of this study team that this document will help inform the new plan as it pertains to housing.

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Northwest Bank Dan Deboest, interview, March 3, 2015

### PUBLIC INPUT: POLICY DISCUSSION

In March 2015, we sought out stakeholders in Sioux City who were housing experts in the public, private and non-profit sectors to discuss solutions. Specifically we wanted to talk to those who had used, who administer, or who could use the policies mentioned above. To this end, we wanted to know:

1. City policies and programs that work well
2. City policies and programs that have not worked and why
3. Potential programs that could be successful in the Target Area
4. Stakeholders' willingness to partner with the City

This provided an on-the-ground perspective on City policy that is difficult to obtain from data. Several issues with current policy arose from this meeting.

First, many stakeholders who could potentially use programs did not know that they are available, or if they did, they did not know how to use them. Lack of knowledge about programs could indicate low levels of public outreach. However, difficulty using programs stemmed from the complex Federal and State regulations. For example, Habitat for Humanity's small staff found it difficult to comply with HUD standards for lead remediation, stymying 'A Brush with Kindness,' a simple program in which volunteers paint homes for low income owners with donated paint.

#### WHO WE SPOKE WITH

##### Public Sector

- Darrel Bullock, Inspection Services Supervisor
- Jill Wandersheid, Neighborhood Services Supervisor
- Tom Bates, Housing Analyst
- Charlie Cowell, Planner
- Jeff Hanson, Community Development Operations Manager

##### Private Sector

- Chris Bogenrief, Broker / Owner of United Real Estate
- Bart Connelly, President of Connelly Development
- Kyle Kelly & Team, Broker / Owner of Century 21 ProLink
- Daniel DeBoest & Team, Regional President of Northwest Bank
- Home Builders of Greater Siouxland

##### Nonprofit Sector

- Katie Roberts, Executive Director of Habitat for Humanity
- George Wakeman, President of Oakleaf Property Management
- Jean Logan & Team, Executive Director of Community Action Agency of Siouxland
- Kristine Bornholz, Director of Immigrant Education of the Mary J. Treglia House

While this cannot be controlled at the City level, stakeholders noted that staff tried to be helpful with these complicated regulations when available, though they were often busy.

Programs subsidizing substantial rehabilitation provided an insufficient amount of funding per project. For rehabilitation programs in the URAs, \$25,000 was often not enough to bring buildings up-to-code, falling up to \$20,000 short. This was especially true for older buildings that had suffered an extended period of deferred maintenance. Stakeholders indicated a need for greater subsidy to make up the investment gap if the City wanted to make a difference in areas suffering widespread dilapidation. That being

said, stakeholders also mentioned staff actively tried to work around this by finding other sources of funding to make up for that investment gap.

Finally, stakeholders noted that the City had some gaps in their efforts. Nonprofits complimented the City on working with them, but this does not seem to be the case with the private sector except in areas with a common vision, like the downtown. Stakeholders also noted that vacant homes could be a problem and that nothing was specifically done to address it. In the end, this round of input was essential to creating policy recommendations tailored to the City.

## POLICY ANALYSIS

Sioux City has a good base of programs to address housing needs in the community. This includes rehabilitating old properties, incentivizing new construction, assisting low income individuals, along with other policies that are important to neighborhoods, such as ensuring that the voice of the neighborhoods is heard. In addition, the City has been good at adapting to new needs within the community. As issues arise in programs, like landlords taking advantage of low income residents to receive owner-occupied rehabilitation money, the City has been quick to modify policy. This is likely because the City cares about the community; they do their best to reach out to groups that might benefit from the program.

However, the City faces many challenges. First, deterioration is still a

large problem in the City, and the City simply does not have the funds to address it themselves and the funds that exist are spread thinly across the City. This problem is exacerbated by the fact that the City is understaffed. Without additional staff, increasing outreach and being proactive is difficult if not impossible. Because of these limitations, it is difficult to address disinvestment and deterioration in the holistic way necessary to stabilize the housing market.

However, there are several pieces missing from Sioux City's housing policy that could be used to overcome some of these challenges. First, the City could modify its rehabilitation programs for the URAs. Not enough money is being used for substantial rehabilitation. In areas where URAs had been effective in the past, huge amounts of rehabilitation funds had been provided with many properties rehabilitated. Instead of spreading a little funding over a lot of the city, the City should spend a lot in a limited area for greater public benefit. In addition, successful URAs took into account their entire neighborhoods. Because, Rose Hill and Jones Street are in the middle of the City, and deterioration surrounding them can still negatively impact values, if the entire Target Area needs attention. The current URAs are simply too small to make a large enough impact to reverse the effects of neighborhood deterioration disinvestment and bring the market back in this area.

This leads to a final criticism of current policy: deterioration is

approached at an individual and project by project basis rather than a neighborhood basis. There is currently no vision as to what these programs seek to accomplish beyond addressing homes on an individual basis. However, deterioration is a neighborhood-level issue, so a broader approach needs to be taken. Therefore, the same solution for isolated neighborhoods, like Riverside, will not work in central Sioux City, where issues most need to be address. The entire deteriorated area needs to be taken into account in central Sioux City and rehabilitation projects along with other City programs need to be coordinated at the neighborhood level.

However, funding and lack of staff mean that many of these things are not possible without outside assistance from the private and nonprofit sectors. If they can be coordinated as well, then that allows funds to be more effectively used. Leveraging neighborhood groups has proven successful in past neighborhood revitalization efforts, while leveraging the assets of the downtown along with private investment has also led to success.

This requires bringing people together behind a common vision, and there is currently no vision in the Target Area. Bringing the public, private and nonprofit sectors together with residents and ensuring that they know what programs exist and how they can be used is important. Fortunately, all stakeholders recognize that the Target Area is in need of rehabilitation efforts, and are willing to partner with the City.

Successful policy in the past approached the entire area in need of help, provided more funding, and had strong resident involvement. So far this seems to have been lacking in the Target Area. This indicates that a new policy direction is needed to meaningfully address deterioration. Though the City cannot fund it alone. As such it needs to expand coordination to other groups. By coordinating rehabilitation projects and people and by building staff capacity, Sioux City can improve the fiscal health of the City and help revitalize distressed areas.

## Chapter 7

# POLICY RECOMMENDATIONS



### POLICY RECOMMENDATIONS

The first six chapters of this study focused on identifying residential areas of the City with housing deterioration, its spillover effects, and other associated issues. The Target Area, located near the border of the Midtown, Westside, and Northside neighborhoods, is most in need of City intervention due to the failure of its housing market. It contains more than three times the proportion of deteriorated properties found city-wide, with those closest to downtown containing an even higher levels of dilapidation. The Target Area also has older buildings, a large number of rentals and conversions, and a weaker housing market. Consequently, it has low property values which places a tax burden on other residents.

The City is responding to these issues through its housing policy. While it consists of good individual programs with some success in the Riverside and Greenville neighborhoods and a willingness to adapt, current policy has not had as much success as they might have for a few reasons. They are short-staffed, there is a lack of coordination among programs, interest groups, and residents, and there is not enough funding to create a substantial difference. By coordinating programs, interest groups, and residents, the City could successfully jumpstart the area's housing market to address deterioration in older residential neighborhoods.

As part of this coordinated effort, this study proposes four overarching strategic goals to guide Sioux City's future housing policy to improve

existing programs, create new programs, and encourage implementation. Goals are based on the gaps and weaknesses in existing policy addressing deterioration. The following strategic goals form the backbone of a new approach to coordinated reinvestment in distressed areas:



**1. Improve the Housing Stock:** Improving the physical quality of the housing is the most direct way to counteract the negative effects of deterioration. Once the housing stock is improved through rehabilitation and incentives for reinvestment, negative externalities will be eliminated and positive spillover effects from reinvestment will spur other owners to begin maintaining their properties as the market begins functioning properly. The outcome of this goal should be a safe and aesthetically pleasing housing stock. This goal accounts for the reinvestment in the “coordinated reinvestment.”



**2. Facilitate Communication:** Facilitating communication is another important goal to coordinate reinvestment. As mentioned earlier, coordination is required to overcome any neighborhood-level market failure. In this case, it requires opening lines of communication between the public, private, and non-profit sectors of the economy, and between the City, residents within the Target Area, and residents outside of the Target Area. Without communication, a proper level of coordination is difficult to obtain. Facilitating communication should also promote the use of these programs by residents, and in doing so should ensure that residents know how programs can be used. This is essential for revitalization because without people taking advantage of City programs, nothing will happen; this may also require creating a common vision for the Target Area. The desired outcome is to have disparate groups working together to improve the Target Area.

**3. Increase Staff Capacity:** For the first two goals to be feasible, the capacity of the staff must be expanded, primarily through additional hires. With these additions and some minor modifications to existing duties, staff should be able to administer new programs and ensure compliance with the City Code while maintaining prior levels of service for other programs. Staff especially needs capacity increased to improve communication.

**4. Empower the Community:** This plan may emphasize improving the physical quality of the housing stock, but no housing policy will be

sustainable over the long-term if the residents themselves are not involved in the process. This goal recognizes the importance of community involvement in neighborhood reinvestment efforts, and so this goal's desired outcome is to have the community actively engaged in addressing housing deterioration.

Each goal has several actions steps to move towards its desired outcome. Actions are further supplemented with case studies that may help guide policy implementation.

Chapter 8 discusses implementation further. This includes the time frames, relative importance, and measurement objectives for each goal. An implementation plan ensures that goals have concrete measurements to evaluate each action. This will provide information on how successful various policies are, and can be used to prioritize programs should funding change in the future. Chapter 8 concludes with a benefit-cost analysis of rehabilitation to provide an idea of what returns the community may see in undertaking these action steps.

### GOAL 1: IMPROVE THE HOUSING STOCK

Improving the housing stock is the first step towards coordinated reinvestment in distressed areas because it addresses the problem of deterioration directly. Our recommendations for achieving this goal are to create and modify policies subsidizing, incentivizing, or facilitating rehabilitation and redevelopment in the Target Area. One of the most important outcomes of this goal is ensuring that rehabilitation programs and their projects are coordinated with each other, just as people and groups should be better coordinated through the second goal. This goal also matches the Sioux City Strategic Plan’s “Expand Development Opportunities and Grow Sioux City” objective by conducting an “aggressive neighborhood rehabilitation program.”<sup>38</sup>

Coordinating reinvestment projects is important because studies show concentrating investment allows positive spillover effects to mutually reinforce each other. These benefits mostly accrue to properties within 150 to 300 feet of rehabilitated or redeveloped properties, but concentration allows positive externalities to strengthen the effects of property values gains.<sup>39</sup> By doing this, it creates a more sustainable level of revitalization than projects taken at an individual and uncoordinated basis.

It should be noted that concentrated investment is most effective if

the neighborhood or area has a greater potential to be stabilized.<sup>40</sup> Factors promoting sustainable neighborhood stabilization include a high level of social capital, greater market potential, or both. Social capital is important because it supplements fiscal capital. Indicators for high levels of social capital include strong neighborhood social bonds and active neighborhood institutions or nonprofits. Characteristics that suggest greater market potential for areas are a distinctive or historic housing stock or a location close to activity centers, like area employers or neighborhood amenities. Areas with these traits are effective for reinvestment and stabilization because they provide additional positive externalities above and beyond those caused by reinvestment. This can also reinforce rehabilitation’s effects on property values.

We recommend three action steps to improve the housing stock. The first two are aimed specifically within the Target Area. The final one is effective throughout the city. The recommendations are:

#### *Target Area:*

Action 1A: Modify the Single Family Owner-Occupied Housing Rehabilitation and Rental Rehabilitation Programs

Action 1B: Use the Urban Revitalization Tax Abatement for Rehabilitation in Distressed Areas

<sup>38</sup> “City of Sioux City Strategic Plan.” City of Sioux City, 2011.

<sup>39</sup> Newell, “Development and Neighborhood Revitalization: The Effects of Residential Investment on Property Values in Durham, NC.” 2010

<sup>40</sup> Mallach, “LAYING THE GROUNDWORK FOR CHANGE: Demolition, Urban Strategy, and Policy Reform.” Brookings, 2012.

*City-Wide:*

Action 1C: Reduce Inspection Cycle to Every Three Years

### **ACTION 1A: MODIFY THE SINGLE FAMILY OWNER-OCCUPIED HOUSING REHABILITATION AND RENTAL REHABILITATION PROGRAMS**

#### **OPEN REHABILITATION FUNDS TO THE TARGET AREA**

Sioux City currently runs several rehabilitation programs, some of which are for certain areas - like the Single Family Owner-Occupied or Rental Rehabilitation Programs which occur in Urban Renewal Areas (URAs) - and some of which are city-wide. One key weakness with this approach is that having substantial rehabilitation only available in the small URAs does not allow the City to promote significant rehabilitation in distressed areas of the City just outside of these boundaries. For example, the Near Westside needs reinvestment, but there is no program from which residents can receive substantial rehabilitation funds. This means that spillover effects right outside the URA boundaries can make it impossible to stabilize the area because values will still be depressed. If policy is not flexible enough to address the issue. In addition, rehabilitation programs are somewhat reactive in nature; that is, they require applicants to apply, but in URAs a limited applicant pool provides less discretion for the City to choose properties that will produce the greatest gains.

Consequently, our first recommendation is to allow substantial rehabilitation funds to be available in the entire Target Area, not just URAs. While some of the Target Area is currently served by URA rehabilitation programs, expanding the area allows deterioration to be addressed in a more holistic and strategic matter. It also ensures that the extent of the problem is recognized and provides a more flexible approach by addressing externalities outside of URAs and in selecting which projects are funded.

#### **CLUSTER REHABILITATION PROJECTS**

As mentioned earlier, clustering benefits in areas of higher market potential are important to the long-term success of revitalization efforts. To ensure that expanding the allowable areas for rehabilitation funds does not eliminate the benefits of concentrating reinvestment and leveraging neighborhood assets, such as market potential or social capital, we also recommend that new applications for the rehabilitation programs should be ranked by the following two criteria:

- 1) First, applications should be prioritized if they are clustered near current rehabilitation projects or future rehabilitation projects. We define clustering as having at least three applications or projects within 300' of each other. This ensures that spillover benefits reinforce improvements to property values which can amplify the effects of reinvestment. Clusters with a larger number of properties should be given higher priority than those with less. When there are no more

clusters, the City should look to Criterion 2:

- 2) Areas with greater market potential or social capital. This could be any amenity or characteristic that might add value to the property above and beyond the effects of rehabilitation. This could include looking to properties that are eligible for the historic register or in/near a historic district; near points of interest such as parks, schools, or employment centers; in highly visible or high traffic areas that can greatly impact neighborhood perceptions; or have high levels of social capital. These can be used to rank clusters of the same size or applicants when no clusters are present.

By ranking applicants by these criteria, stabilization can be focused in those areas that can be more easily stabilized, making a larger impact with the same amount of funds. While previous policies had a limited area where funds were available, it did not necessarily encourage the rehabilitation of nearby properties, nor did it account for neighborhood assets which could be leveraged to empower the community, create partnerships, or focus on marketability. Agglomerating reinvestment can achieve all of these benefits. As one focus group meeting participant suggested, “start in areas of strength.”

These two criteria should be used for both renter-occupied and owner-occupied rehabilitation because both benefit from revitalization occurring over a broader area and increased flexibility. However, the judgment

process must be impartial, so specific criteria should be used to judge which properties are chosen, especially for clustering projects in areas with greater market potential or social capital. We recommend looking for areas with potential partners as one of the best ways to ensure success, whether it be employers or neighborhood organizations, not only because they can provide funding, but also because areas with strong institutional structure tend to be more stable.<sup>41</sup> However, these criteria ultimately need to be decided by City staff.


### OWNER-OCCUPIED SPECIFIC MODIFICATIONS

In the URAs and the Target Area, most of the City’s rehabilitation programs do not provide enough funding to overcome the investment gap. Properties in these areas have experienced deferred maintenance for decades, so even the \$25,000 rehabilitation is not enough. Most renovations in these areas actually require renovations closer to \$45,000 if the program is to correct all of the issues that are not up-to-code, and this is without improving all aesthetic issues.<sup>42</sup> Therefore we recommended increasing the amount of money provided for projects in the Single Family Owner-Occupied Housing Rehabilitation Program to \$45,000, though this amount does not need to necessarily be used every time. Other funding sources could be subtracted from this amount, such as funding for lead abatement,

<sup>41</sup> Temkin and Rohe, “Social Capital and Neighborhood Stability: An Empirical Investigation,” 1998.

<sup>42</sup> Interviews with Jill Wandersheid, Neighborhood Services Coordinator, and Gary Johnson, owner of Gary Johnson

Construction. March 3, 2015.



**Case Study: Dubuque, IA**  
HISTORIC PRESERVATION REVOLVING LOAN FUND

Dubuque, like Sioux City, is an old River City with a history in industrial activity that has mostly disappeared. Also like Sioux City, reduced economic activity threatened the central city's historic housing stock. To address this threat, the City of Dubuque developed what is called the Historic Preservation Revolving Loan Fund.

This program started in 2001 and provides a loan of up to \$25,000 with 3% interest over 10 years. For properties to be eligible for the fund, they must be at least fifty years old and located within one of the City's five locally designated historic districts.

From 2001-2011, 33 loans have been given out and all projects have been finished. Additionally, the fund has never run out of money and there have not been any outstanding loans. A report which cited Planner Dave Johnson stated that there have been noticeable positive impacts in the City's historic districts.

Case Study of Dubuque, IA. Source: Mitchell, "An Evaluation of Historic Preservation Revolving Loan Funds, and Recommendations for the Establishment of Future Programs," 2011

weatherization, historic preservation, or sustainability grants that could become part of the renovation project. Area employers could also provide a potential funding source by creating partnerships for them to upgrade housing should employees choose to live near their place of work.

In return for increasing the amount of funding available for owner-occupied rehabilitation, we also recommend increasing the length of time required before the loan is fully forgiven. Instead of its current 5-year span, we recommend expanding it to 10-year period during which the

property must be owner-occupied, forgiven on a pro-rated basis. This provides additional benefits for the community as homeowner stability is an important part of neighborhood stabilization.<sup>43</sup> However, the length of time could also be dependent on the amount of funds received; for example, using the full \$45,000 may require 10 years while using \$25,000 may only requires 5.

### RENTER-OCCUPIED SPECIFIC MODIFICATIONS

Because rental units are more likely to be deteriorated, we also recommend re-conceptualizing the way in which the program is intended. Currently the program is envisioned as a rental rehabilitation façade improvement program, so it offers relatively few funds that must be expended on the building's exterior. This does eliminate many of the aspects of blight that negatively affect surrounding property values, but it only acts as a Band-Aid and does not necessarily fix the underlying issues of deteriorated or unsafe housing. In addition, the program currently allocates funding on a per unit basis, which does not work well when 40% of the city's rental properties are one-unit (single family) properties. This is ineffective because \$5,000 is not enough money to rehabilitate a single family rental.

As such, we recommend re-conceptualizing the rental rehabilitation program as a full and substantial rehabilitation program. Like the recommendation for owner-occupied homes, we recommend increasing the

<sup>43</sup>

Rohe and Stewart, "Homeownership and Neighborhood Stability," 1996.


amount available for rental rehabilitation to \$45,000. This recommendation does not necessarily mean that all rentals should be eligible for this amount of money – it may be better to restrict the \$45,000 for single family rental units. By focusing increased funds on single family rentals, it could be used in conjunction with programs aimed at increasing homeownership in the area. Alternatively, this amount could be available for all rental properties; otherwise it would not apply to conversions, another type of property that is often deteriorated.

If a \$45,000 forgivable loan is too much, the renter-occupied rehabilitation program could provide a supplementary no- to low- interest loans provided through the City or a partner institution. As long as the incentive covers the investment gap, the likelihood of seeing improvements in the condition of rental properties increases.

Like owner-occupied rehabilitation stipulations, we see a need to put some requirements as result of these funds. To avoid gentrification of these low income areas, we recommend capping the rent at Fair Market levels as determined by HUD for 10 years, or at whatever levels may be required depending on the source of funding. This allows a modest return on investment, but will stymie efforts to gentrify areas near downtown.

Having these programs works in conjunction with other rehabilitation projects and involving other groups interested in rehabilitating the area will help improve the quality of the housing stock. In doing so, it eliminates the

negative spillovers that deterioration has on property values. Over time, this will increase the tax base, and decrease the need for some City services.



### Case Study: Knoxville, TN

#### RENTAL REHABILITATION PROGRAM

Knoxville, Tennessee is another old river-town whose economy was largely based on manufacturing. However, the City has seen a decline in manufacturing jobs and as a result faced issues related to deterioration in residential areas surrounding the downtown, especially in rental properties. To resolve this issue, they developed a robust rental rehabilitation program 23 years ago in an effort to revitalize the downtown and the surrounding neighborhoods.

The Rental Rehabilitation Program in Knoxville Tennessee is a Deferred Payment Loan which provides a maximum of \$20,000 per unit. The loan is forgiven after 5-20 years depending on the loan agreement. The City and the landlord discuss the project and come to an agreement on the loan terms which also includes rent and occupancy restrictions as well as guidelines for tenant relocation if it should become necessary during the rehabilitation work.

Becky Wade, Director of the Community Development Department, and Janna Cecil, Housing Finance Supervisor, stated that the program was very successful and had lots of participation, especially from smaller landlords. When the program started, changes within the blocks with rehabilitation were noticeable. Wade also noted that there has been a 'ripple' effect in which nearby properties started doing simple things to better maintain their property.

Case Study of Knoxville, TN. Source: Wade, Becky, and Janna Cecil. "Knoxville, TN Rental Rehabilitation." Telephone interview. 24 Mar. 2015.

### **ACTION 1B: USE THE URBAN REVITALIZATION TAX ABATEMENT FOR REHABILITATION IN DISTRESSED AREAS**

The purpose of the Urban Revitalization Tax Abatement (URTA), as allowed by the State of Iowa, is to encourage development for the purpose of revitalizing urbanized areas. As such, URTA can be used as a way to focus reinvestment in distressed areas. Currently the City has URTA established city-wide. However, the URTA could offer additional incentives if development or rehabilitation happens in the Target Area, or it could offer specific incentives for types of properties. In doing so, abatements



#### **Case Study: Davenport, IA**

##### **TIERED TAX ABATEMENT**

The Urban Revitalization Tax Exemption Program in Davenport, IA is similar to the tax abatement program in Sioux City, except that Davenport uses a more specified tax exemption schedule (see appendix for specific information). This allows them to give varying degrees of abatement depending on use and location. This encourages new construction and rehabilitation closer to the city center and provide less incentive to development at the outer edge of the City that would occur anyway. As such, it was an effort by the City to encourage development in targeted areas in across the City. The primary focus is in the Central City in which there are more incentives. Areas directly north of the Central City are also targeted, but receive less benefits than the Central City.

Case Study of Davenport, IA. Source: Urban Revitalization Tax Exemption.” City of Davenport, 2015.

could offset the investment gap found in areas suffering disinvestment or at least supplement other programs intended to offset the investment gap.

URTA is a very flexible so it can actually be designed to incentivize growth in a number of different ways. First, it could approach abatement as a tiered system with the largest incentives provided in the urban core and diminishing incentives farther from the central city. This promotes development in areas where infrastructure already exists and saves the City maintenance costs in the long run. Alternatively, it could promote kinds of development, such as infill or for the improvement of vacant or abandoned buildings.

### **ACTION 1C: 3-YEAR INSPECTION CYCLE**

While providing incentives for rehabilitation is important, not all property owners will take advantage of these programs. Those that do not might still negatively affect surrounding owners if they allow their property to deteriorate through continued deference of maintenance. As such, there needs to be proactive code enforcement in conjunction with other programs to ensure a minimum level of maintenance. For this reason, we recommend decreasing the rental inspection cycle from 4-years to 3-years. This is in line with what other communities in Iowa currently do, and it does not cost the landlord additional money for inspections because the initial inspection and the first re-inspection are free. In fact, it could even decrease costs

to landlords because complaint-driven inspections cost \$50.00, something which proactive code enforcement should prevent.

Furthermore, having more regular inspections puts inspectors on the street more often, especially in areas with more rental units, such as in the Target Area. Policy should also be modified to ensure that rental inspectors are also trained for and responsible for code enforcement violations beyond housing inspections. This would allow rental inspectors to provide citations along the way as they travel through the City, consequently easing the burden on code enforcement inspectors. However, for this goal to be attained, additional inspection staff will be needed, as outlined in Goal 3.

### GOAL 2: FACILITATE COMMUNICATION

Another goal that is important for a coordinated reinvestment in distressed areas is the facilitation of communication between disparate groups that are interested in the Target Area and/or housing. Communication and coordination are important to take advantage of factors promoting stabilization because the negative externalities associated with deterioration must be addressed at the neighborhood level. Without it, it is unlikely that the cycle of disinvestment can be halted, meaning that any improvement in the built environment would be short-lived as the continued lack of incentive for maintenance results in poor upkeep.

Improving communication between groups, including the City, the public, and the nonprofit and private sectors will do much to guide the coordinated reinvestment effort. This not only corresponds with the Sioux City Strategic Plan objective of “enhanc[ing] public/private partnerships,” but it also reduces duplications in efforts by different sectors of the economy which allows the City’s finite fiscal resources to be spread further with the aid of private and nonprofit investment.<sup>44</sup> In addition, regular communication promotes the programs that exist for reinvestment. This means that the public learns what resources are available for their use to improve their property. Communication also means that staff can help guide people through complex processes such as Federal regulations or

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“City of Sioux City Strategic Plan.” City of Sioux City, 2011.



complex grant applications.

We recommend five action steps to facilitate communication:

*Target Area:*

Action 2A: Create a Neighborhood Reinvestment Task Force to Foster Public and Private Partnerships

*City-Wide:*

Action 2B: Increase Public Outreach

Action 2C: Create a Single Point of Contact for Housing Programs

Action 2D: Create a Vacant and Abandoned Home Registry and Acquisition Program

### **ACTION 2A: CREATE A NEIGHBORHOOD REINVESTMENT TASK FORCE**

To ensure a coordinated reinvestment in distressed areas, the City needs to create a Task Force composed of experts in fields affected by neighborhood disinvestment. This would include stakeholders interested in housing like developers, contractors, nonprofits, and City staff. It should also include representatives of those who live in the Target Area, especially those who are disadvantaged such as minorities or low income residents. This is important because without the support of and voice of the residents, the Task Force would not be sustainable. In addition ensuring that disadvantaged populations are represented on the Task Force is necessary



### **Case Study: La Crosse, WI**

#### **PUBLIC PRIVATE TASKFORCE**

La Crosse is a city of 51,522 located along the Mississippi River in Wisconsin on the border of Minnesota. La Crosse also faced issues with housing deterioration caused by the loss of middle-to-upper class residents, an old housing stock, increasing need for municipal services, and the perception of increasing crime. In response, City and County Officials developed a public / private Housing Taskforce composed of developers, real estate professionals, nonprofit housing and financial institutions, property managers, bankers, and the local business community.

The Housing Taskforce release a plan, which identified reinvestment strategies with four major goals: 1. Increase funding for enforcing City codes; 2. Coordinate economic development efforts between the City and County governments, non-profits, and private entities; 3. Make better use of and improve current City infrastructure and natural amenities; 4. Develop action plans for the individual neighborhoods most affected by neighborhood deterioration and disinvestment.

Caroline Nielsen, Community Development Administrator for the City of La Crosse, noted that the community is currently working towards many of the goals listed in the plan, by adding four community police officers to the staff and founding the Neighborhood Revitalization Commission. Karl Green, a Community Natural Resource and Economic Development Agent with the La Crosse County- UW extension, stated that the most important thing the Taskforce accomplished was starting a conversation that got all stakeholders on the same page. By bringing groups together and coordinating their actions, they are making progress towards addresses issues of disinvestment.

Case Study of La Crosse, WI. Source: Green, Karl. "La Crosse Housing Task Force." Telephone interview. 25 Mar. 2015. Nielsen, Caroline. "La Crosse Housing Task Force." E-mail interview. 25 Mar. 2015.

because they comprise a large portion of the population and are less likely to have their opinions heard if they are not purposely involved. By having a Task Force with a diverse set of members, it becomes more inclusive and can approach the problem from a more holistic perspective.

The Task Force's primary duties would be to help guide the coordinated reinvestment of the area. They should be active in determining which areas are best suited to receive funding, and can ensure regular communication with the different sectors of the economy through regular public meetings. These meetings would be open for the public, private, and nonprofit sectors to discuss existing and projects, and the potential need for assistance. By opening the flow of communication, mutually beneficial partnerships can be established.

Some outreach for these events should be targeted to educational institutions such as Morningside College and Briarcliff, large employers, such as Tyson Foods or the Sioux City School District, and employers in or near distressed areas, such as St. Luke's or Mercy Hospital. Participation of trade groups should also be encouraged, like the Home Builders, and the Siouxland Initiative. Nonprofits are another essential component as they may be some of the first groups using these housing programs, so Habitat for Humanity or the Community Action Agency should be involved, as should the neighborhood itself.



### Case Study: Des Moines, IA

#### NGHBORHOEIOD REVITALIZATION PROGRAM AND THE NEIGHBORHOOD FINANCE CORPORATION

Des Moines lost population to surrounding municipalities in the 80's and early 90's which contributed to a deterioration of their housing stock, especially in the central city. To combat these issues, the Neighborhood Revitalization Program was created in 1990 through a partnership between the City of Des Moines and Polk County to revitalize Des Moines neighborhoods. The downtown business community was supportive because they realized that deterioration around the downtown was a detriment downtown businesses. This was during a time when incomes and home values were declining and homes near the urban core were often vacant, boarded up, or demolished.

Distressed neighborhoods are designated by the Neighborhood Revitalization Board which allows residents in recognized neighborhoods to submit an application to the Neighborhood Finance Corporation (NFC) for housing funds. Forgivable loans are entirely from the City and County, and they annually allocate \$1 million and \$800,000 respectively to the NFC. Other loans come from the NFC directly. If a neighborhood plan is approved, it becomes part of the Comprehensive Plan, and its goals are evaluated every 3 to 7 years to assess if goals have been met.

This program has been successful in its 25 years with home values in the central city increasing in this area, even during the recession and the foreclosure crisis. In total the NFC has invested more than \$288 million dollars in the community which has helped a total of 5,351 households.

Case Study of Des Moines, IA.

### ACTION 2B: INCREASE PUBLIC OUTREACH

Coordination needs to utilize existing commissions and interest groups too. Commissions, like the Historic Preservation Commission, could aid those interested in rehabilitation with technical processes, like applying for the National Register of Historic Places. Other groups, such as the Homebuilders Association, work with students to build homes as part of their training program which could be done in the Target Area. By focusing existing efforts in the area as reinvestment it creates greater returns for the community's tax base.

The Task Force will also act as a consolidated voice for the area and champion for continuing the coordinated reinvestment efforts and will actively promote private and nonprofit investment. It will also provide a forum for a vision of the Target Areas future development. Public-private ventures generated through this Task Force would likely be similar to other projects that have been successful for downtown redevelopment in Sioux City, and in other communities.

While it could be advantageous for the City to start a new Task Force, these same efforts could be conducted by another group already in existence. So long as the group 1) is filled with diverse interests from which mutually beneficial partnerships can be formed and 2) actively engages the community in these efforts, it could act as the Task Force would.

Bringing private and nonprofit interests together is one way to begin educating the public, but direct outreach is also important for the City. Currently Sioux City has many good programs, but many groups do not know about their availability nor do they understand how they could be applied to particular situations. For example, Bart Connelly noted the difficulty figuring out which projects could benefit from which funding sources, while Habitat for Humanity had issues understanding complex Federal regulations regarding lead abatement. In this regard, the City needs to improve its outreach to groups and to residents of these areas, and be very clear about how programs apply to different projects. For this reason,



#### Case Study: Iowa City, IA

##### ICGOVXPRESS APPLICATION


ICgovXpress is an application for smartphones users that has allows citizens to quickly and easily report violations, request services, or ask questions in Iowa City. The City of Iowa City invested \$5,000 in the development of this application, which is free for smartphones users to download, to streamline and increase communication between citizens and the City. In effect, the app helps citizens become "inspectors" within their neighborhoods which helps the City stay better informed. This also provides the City with an easy way to keep track of complaints and calls to the City.

Case Study of Iowa City, IA. Source: Hennigan, "Iowa City App Will Allow Complaints by Smartphone," 2014

the City needs to regard public outreach holistically, not just informing the private and nonprofit sectors about city programs, but also about more general topics. This could include Federal sources of funding and how they can be used, or even by providing information regarding rights, like the repair-and-deduct clause of the State of Iowa's legal code which could be used in deteriorated rentals. This is important because these programs and rights could substantially improve resident's quality of life and the City's tax base.

Sioux City does have some outreach but it is not always easy to access or use. The Human Rights Commission has a tenant information book, but it is too long, so it is underutilized; concise pamphlets or fliers can better call attention to important rights. Likewise ensuring that information on the website is up-to-date and easily available is important. By increasing awareness of resource, in conjunction with information about local programs, the City can make a larger impact on housing deterioration. This requires extended public outreach, such as fliers and pamphlets, informing the public about available programs, available funding sources, and legal rights.

as well as a contact person to help developers and rehabilitators realize what they can use. This should include a knowledge on funding sources exogenous to the City, such as Historic Tax Credits or Iowa's Workforce Housing Tax Credits.



**Case Study: Lake Isabella, MI**  
ENGAGE LAKE ISABELLA

Lake Isabella is a Village with a population of 1,681 located in central Michigan. The Village was in the process of writing a new Master Plan for the City and was looking to hold a public meeting, but the city struggles with attendance because the Village has a lake running through its middle; this means that there is no centralized meeting place. The Village Manager recognized that meetings were never well attended, so he sought other ways to get public input.

The Village found MindMixer, an online service for Civic entities used to gather public input online. The Village Manager stated that when they used this method for public input, they saw great success. Not only did people participate, but they felt they had a real stake in the new master plan for the Village. In 2013 Lake Isabella received an award for Excellence in a Small Town form the American Planning Association.

Case Study of Lake Isabella, MI. Source: "When Small Towns Think Big," Feb. 2015.

Sioux City has some outreach but it is not always easy to access or use. For example, the Human Rights Commission has a tenant information book, but it is too long and technical for most people to use, so it is underutilized; concise pamphlets and fliers can better call attention to important rights. Likewise, ensuring that information on the website is up-to-date and easily available is important. By increasing awareness of resources, in conjunction with information about local programs, the City can make a larger impact on housing deterioration. This requires extensive public outreach, including

fliers and pamphlets containing information for the public about available programs, available funding sources, and legal rights. However, a contact person who can help developers and rehabilitators realize what they can use is also beneficial.

### **ACTION 2C: CREATE A SINGLE POINT OF CONTACT FOR HOUSING PROGRAMS**

Public outreach is a great way to help people realize what is possible, but we also recommend designating someone on staff as the Single Point of Contact (SPOC) for housing programs, and especially for those that deal with deterioration. Having a SPOC makes it easier for interested parties and the public to navigate the range of options available for reinvestment in their properties. Essentially, this position would help guide people through the reinvestment process, and therefore acts as a resource person for the entire community. While this does not necessarily require additional staff, it does require one person to familiarize oneself with available programs and it requires staff time to field questions. Therefore one member of Staff must become a housing and rehabilitation specialist of sorts with knowledge of all housing and rehabilitation services provided by the City, State, and Federal governments.



### **Case Study: Lincoln, NE** HOUSING REHABILITATION SPECIALIST

The Housing Rehabilitation Specialist position in Lincoln, Nebraska is responsible for the delivery of housing programs administered by the Urban Development Department.

Their work involves 1) performing field and office work in the evaluation of dwelling units, 2) counseling home owners on program requirements, on rehabilitation planning management, and on qualifying for public or private financial assistance, 3) assisting homeowners with suggestions for improving structures to meet rehabilitation standards, and 4) considering the needs, desires and financial capability of the home owner, including working closely with building contractors, real estate agencies, lending institutions and other public and private agencies.

Other cities which have a position similar to this one include Eau Claire, WI and Cleveland, OH.

Case Study of Lincoln, NE. Source: City of Lincoln Nebraska website

### ACTION 2D: CREATE A VACANT AND ABANDONED HOME REGISTRY AND ACQUISITION PROGRAM

Vacant and abandoned homes (VAH) are at risk for becoming dilapidated, and due to this reason, deterioration and vacancy rates are highly correlated in Sioux City. These homes can (and often do) threaten health, safety, and welfare, in addition to decreasing surrounding property values. Currently policy does nothing to disincentivize leaving homes vacant or abandoned, such as when landlords do not take an active interest in their property, and no monitoring of VAHs currently exists in the City.

To prevent homes from being left vacant and to open the channels of communication, we recommend requiring that VAHs be annually



#### Case Study: Dayton, OH

##### LOT LINKS

The purpose of the Lot Links program is for the redevelopment or use of abandoned tax delinquent properties which the City acquires for interested parties. There is an application fee of \$500 and the applicant must have a redevelopment plan for the vacant property in addition to proof of ability to support the plan financially. The City then ensures that the property is in fact vacant and works with the County to acquire the property and remove tax liens and fines associated with the property. Upon completion, the property is then turned over to the applicant for redevelopment. The average amount of time this takes to process is two years.

Case Study of Dayton, OH. Source: City of Dayton Ohio

registered with the City. As a part of this registry, owners would be required to have annual inspections ensuring that buildings maintain a minimum level of safety, even while unoccupied. The registry also serves the purpose of allowing the City to know where these properties are located and how many there are. This is useful to deal with crime and to market these homes.



#### Case Study: Jackson, MI

##### VACANT AND ABANDONED HOME REGISTRY

Jackson is a small city of 33,423 people located in South Central Michigan. The City was struggling with blight and vacant properties. The City of Jackson completed a comprehensive housing study and found that the vacant properties were a drain on city resources and decreased property values, and so to address this issue they created a vacant property registry. Like many cities, Jackson also has a tight budget with which to deal with these issues. The main purpose for this registry is informational in that the City knows who is responsible for the property and who to contact if there is a problem with the property.

The City decided to get creative about how they would create a list of vacant properties. First, the City looked at water usage and made a list of all the properties with low usage rates which amounted to 657 properties. Then to ensure that the properties were in fact vacant, the City inspected these properties based on a set of criteria developed by City Staff. A number of city departments including, planning and zoning, the historic preservation commission, legal, water and housing participated in inspecting all of the properties within two months. They found that 462 of these properties were in fact vacant. The former Mayor Dunigan stated that the Inspectors were dedicated and went out seven days per week to complete all inspections.

Case Study of Jackson, MI. Source: Brooks, "Jackson, Mich., Seeks to Eliminate Blight, Vacant Properties," 2015.

This list would be kept in a running spreadsheet which would document location, and length of time among other variables. This should apply to both vacant and abandoned homes as defined by:

*Abandoned Home:* 6 months with an incomplete exterior shell and is either unsecured/ unoccupied/ or is noncompliant with the international property maintenance code

*Vacant Home:* unoccupied for a continuous period of 12+ months and is either unsecured, secured by means other than those used in the design of the building (such as boarded up windows), unfit for occupancy, noncompliant with maintenance code, has code violations, can be opened, not receiving public utilities service

The City should keep track of code violations associated with each property to better understand the quality of each vacancy and which properties may require City action. In addition, the City would monitor possible VAHs through code violations to find noncompliant homeowners. A permit fee could be charged to cover oversight. This registry would be publicly available upon request.

A VAH registry is beneficial because it is easy, relatively inexpensive, and it provides valuable information that can be utilized to further neighborhood revitalization. This allows investors easy access to information regarding homes that may be for sale, and it could work in conjunction with the facilitation of the rehabilitation or resale of VAHs.

The VAH registry provides information to the City about VAHs and information to the public about potentially available properties, but a program should also be established to facilitate the transfer of problem properties. The first step in the facilitation should be to provide the owner's contact information for interested parties. If owners are uninterested in selling but receives multiple code infractions, the City may be able to acquire the property itself and sell it to the third party. The Sioux City Economic Development Department notes that Urban Renewal powers can be used for this purpose to help in slum and blighted areas, and Neighborhood Services could similarly facilitate sales.<sup>45</sup> This may be especially beneficial for vacant lots as only 1 out of 180 has been developed after more than a decade. Facilitating sales also gets VAHs out of the hands of people who do not care.

When aggressive tactics are utilized to acquire property, such as through condemnation, the recipient should be required to perform substantial rehabilitation or redevelopment activities on that parcel within a given timeframe. Alternatively, a facilitation program could also be used by neighbors to acquire vacant land next to their properties or by neighborhood groups for the betterment of the area.

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<http://locatesiouxcity.com/financial-assistance>

### GOAL 3: INCREASE STAFF CAPACITY

With new programs and additional services comes the need for additional administration and staff time. In addition, some departments, such as Building Services, currently do not have enough staff to maintain current levels, much less take on additional duties, even though, additional staff is necessary to ensure that the City Code is followed. The same is true for increasing public outreach. As such, additional staff is needed for reinvestment to be properly coordinated and administrated.

The two action steps to increase staff capacity are:

Action 3A: Increase Inspections Staff

Action 3B: Use Internships with the Planning Department

#### ACTION 3A: INCREASE INSPECTIONS STAFF

One way to address issues with a deteriorating and aging housing stock in areas with many rentals is by encouraging landlords to maintain their property through code enforcement. This provides a stick to drive owners towards taking advantage of rehabilitation funding and property maintenance. However, Sioux City's inspections staff is currently insufficient and needs additional staff. This is unfortunately because regular inspections rights market failures by creating costs for those who produce negative externalities from property deterioration, according to the standards set in the Housing Maintenance Code.

Sioux City currently employs four trade inspectors, three residential inspectors, and two code enforcement inspectors. Trade inspectors typically deal with commercial buildings (three or more units) while the residential inspectors deal with rental units. Code enforcement inspectors deal more with the housing maintenance code and nuisance laws.

Last year for all inspectors, the City had 54,761 inspections, with the majority of them being nuisances. Recently the department lost inspectors,<sup>46</sup> the two code enforcement inspectors having had more than 100 inspections per day on average over the past two years. This requires multiple exterior inspections per hour, a feat made possible by the by the fact that issues are concentrated. Meanwhile, rentals are supposed to be inspected every four years, with the each residential inspectors seeing more than 7,800 units annually (2600+ per inspector). However, some landlords from our focus group meetings have indicated that they have not had regular rental inspections which indicates that Sioux City is having trouble enforcing compliance with the Municipal Code. Without enforcement, rehabilitation can only do so much for housing upkeep in distressed areas.

While expanding inspections staff is not a policy per se, it is necessary to expand the capacity of the City to deal with its older housing stock and to incentivize landlords to maintain their property. This allows the City to better perform its duties, and allows for additional pressure to be placed on




those who try to free ride on others' reinvestment.

With the increase in rental inspections from every 4-years to every 3-years, the number of inspections per inspector will remain the same. However, this will result in the ability of the City to increase the number of inspections and therefore get more inspectors on the ground in deteriorated neighborhoods and to enforce the existing code.

In some cases, departments could also contract inspections to nonprofit groups. The Siouxland Community Action Agency noted a willingness to train inspectors, as they already have two inspectors for their own properties.

### **ACTION 3B: USE INTERNSHIPS WITH THE PLANNING DEPARTMENT**

Hiring interns is a cost-effective way to increase the City's ability to deal with issues of deterioration and it provides valuable experience for current students in Sioux City. The fact that Sioux City has several educational institutions provides the City with an opportunity to have internship positions that could assist in day-to-day operations of the department, in addition to providing the City with additional staff to help conduct communications and outreach. Currently the Housing Authority has been using interns, and many other cities with educational institutions use students to generate valuable outcomes for the students and the City.



**Case Study: Rochester, NY**  
PAID AND UNPAID INTERNSHIPS

The City of Rochester New York offers a wide variety of internship opportunities that are both paid and unpaid. These are beneficial to City operations and they provide meaningful experience to students in the area. In some cases the intern may work in exchange for college credit through an agreement between the City and the local schools. There are nine categories of internship opportunities available within the city:

- Government, Politics, and Public Service
- Communications
- Department of Human Resource Management
- Information Technology
- Environmental Services
- Neighborhood and Business Development
- Rochester Police Department
- Office of Public Integrity
- Department of Recreation and Youth Services

Case Study of Rochester, NY. Source: City of Rochester New York

### GOAL 4: EMPOWER THE COMMUNITY

Having active neighborhood organizations is final piece to address factors involved in neighborhood deterioration even though it does not directly address housing deterioration. Encouraging neighborhood organization activity and citizen participation benefits society through an increased sense of shared responsibility for the environment in which citizens live. It also addresses the Prisoner's Dilemma because it facilitates communication and coordination among residents, and it has been shown to be positively related to neighborhood stability and success. It is important to know that others are taking care of their properties nearby which incentivizes people to strive for the optimal outcome: neighborhood-wide reinvestment. This goal is especially advantageous for Sioux City because it takes advantage of the strong neighborhood ties as indicated in public input the existing Neighborhood Network.

The two action steps to empower the community are:

Action 4A: Encourage Neighborhood Organization Activity

Action 4B: Create and administer Neighborhood Improvement Program

### ACTION 4A: ENCOURAGE NEIGHBORHOOD ORGANIZATION ACTIVITY

First priority of this goal would be to delineate neighborhoods as part of the comprehensive planning process. Currently neighborhood coalitions are established informally or through the Neighborhood Network, but none of them have boundaries that provide a geographical extent to their activity. By delineating and formalizing boundaries, the City can better work with Neighborhood Organizations to stay active. Formalizing neighborhood boundaries may also have additional benefits. As Neighborhood Coalitions are currently organized, the lack of boundaries, may make it difficult for groups and individuals to know if an organization is active in their area or not. By delineating boundaries, it creates certainty for where groups are active and it creates a sense of ownership both for residents within the group and territory within the organizations boundary. It also is easier to recruit new members as people know where the benefits will accrue.


While this does not necessarily foster Neighborhood Organizational activity, it is a good start, and supporting neighborhood activities should follow. The following Action can also promote activity by providing recognized neighborhoods with the potential for funding on a grant basis, thus creating an incentive for action.

### ACTION 4B: CREATE AND ADMINISTER NEIGHBORHOOD IMPROVEMENT PROGRAM

The Neighborhood Improvement Program (NIP) is grant money given to Neighborhood Coalitions for a project determined by the members of an approved Neighborhood Organization to be beneficial. NIP grants are an excellent way to encourage activity for approved Neighborhood Organizations and to incentivize the formation of new Neighborhood Organizations in areas that currently do not have them. It also provides residents with the ability to have a direct effect on their neighborhood with issues that are local, such as vacant lots, and it provides a unified goal that encourages cooperation between neighbors.

The program would be allocated \$50,000 to be split among grant applications submitted by officially recognized neighborhoods. A minimum of 50% of \$50,000 must be awarded to neighborhoods within the Target Area. Special priority should be given to applications that work towards home improvement in the Target Area, such as something as simple as a block painting party. This ensures that housing acts as a leverage point to catalyze neighborhood involvement. There should also be a requirement that a certain percent (50%) of residents agree to help with the project if allocated of this funding when submitting the application. This will promote better information sharing and increase commitment among neighbors. In addition, it can provide the social capital needed for long-lasting positive

effects in conjunction with rehabilitation funds.



### Case Study: Iowa City, IA

PROGRAM FOR IMPROVING  
NEIGHBOORHOODS (PIN)

The Program for Improving Neighborhoods (PIN) Grant provides up to \$5,000 of funds to City-recognized neighborhood associations for neighborhood projects. The purpose of the PIN grant is to provide resources for neighborhoods to address inadequacies within their neighborhood. The project can be virtually anything so long as it benefits the neighborhood. Currently, Iowa City's City Council allocates \$15,000 annually for the PIN program.

A recent project that has fostered neighborhood collaboration and improvement occurred in a local neighborhood in Iowa City. The neighborhood association has been long recognized by the City but activity within the neighborhood had been minimal for quite a while. Last year, the neighborhood became more active again and rallied around making park improvements to a small park in their neighborhood. They applied for and were awarded the PIN grant. In addition, the neighborhood has been fundraising by asking for donations from local businesses. The park improvements were designed by a local architect, and they are currently working with the City Parks and Recreation Department to implement their plans for the park.

Case Study of Iowa City, IA. Source: City of Iowa City



## Chapter 8

# PROGRAM IMPLEMENTATION



## PROGRAM FUNDING

Plans are created all the time, but many are never implemented because they do not make fiscal sense. As such, we have created a brief section dedicated to showing that funding this project is possible given current funding and expenditures in Sioux City, though we also mention ways that additional funding could be generated for our proposal.

### COSTS

Most of our actions do not require additional funding. Instead they merely require staff time which is why the recommendations emphasize the need to ensure staff capacity for implementation. However, some of our programs do cost money, with the vast majority of it spent on rehabilitation. This study assumes that 15 rehabilitations per year will be an adequate amount to address deterioration. At this rate, all deteriorated properties in the Target Area could potentially be fixed in 19 years, i.e. 2035. The table currently allocates it as 10 owner-occupied and 5 renter-occupied, though the amounts shown in the table could be used for any distribution to rentals

Table 13 Table of HUD's Entitlement Allocations

HUD's Entitlement Allocations to Sioux City							
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
CDBG	\$ 1,876,878	\$ 1,915,845	\$ 2,077,613	\$ 1,739,510	\$ 1,507,259	\$ 1,534,726	\$ 1,525,278
HOME	\$ 497,773	\$ 554,280	\$ 551,295	\$ 484,857	\$ 376,184	\$ 346,814	\$ 378,519
ESG	\$ 84,042	\$ 83,565	\$ 83,961	\$ 263,040	\$ 150,637	\$ 109,959	\$ -
TOTAL	\$ 2,458,693	\$ 2,553,690	\$ 2,712,869	\$ 2,487,407	\$ 2,034,080	\$ 1,991,499	\$ 1,903,797

and owners so long as there are only 15 of them per year. In addition, more rehabilitations could be accomplished should buildings require less funding than predicted.

The other number on the table that warrants explanation is the amount for the Neighborhood Improvement Program (NIP). For the purposes of this section, it is assumed that a substantial amount of money will be made available to neighborhood groups. This will generate more neighborhood activity, allow more neighborhoods access to the funds, and will allow for projects that make a larger difference for the community as a whole.

Table 12 Cost of Recommendations Per Year

Cost of Recommendations Per Year	
Owner Rehabilitation (10 x \$45,000)	\$450,000
Renter Rehabilitation (5 x \$45,000)	\$225,000
New Inspector (Salary and Benefits)	\$70,000
Internships (3 x \$10/hr, 10 hrs/week)	\$15,000
Neighborhood Improvement Program	\$50,000
TOTAL	\$810,000

In total, these programs will require just \$810,000 to implement the recommendations as currently proposed.

**EXISTING FUNDING SOURCES**

Sioux City is an entitlement community for the Community Development Block Grant (CDBG), and HOME and ESG funds as supplied by the Department of Housing and Urban Development. Currently, CDBG is the funding source for the City’s rehabilitation programs, aside from the tax abatement incentives provide by Urban Revitalization.

Over the past several years, funding for entitlement communities has been decreasing, though CDBG entitlements for Sioux City have remained

steadily at around \$1.5 million over the past few years.<sup>47</sup> Of that funding, Sioux City has spent anywhere from \$159,100 to \$558,100 for rehabilitation purposes, which comprises about 23% of their annual CDBG budget, on average.<sup>48</sup> Of the rehabilitation budget, about 77% has been for programs in the URAs. Unfortunately, the amount allocated to substantial rehabilitation has been steadily declining in real dollars over the past 10 years at an average annual rate of 31%. In 2013, the majority of the City’s CDBG budget went to administration costs for both program and activity

47 CPD Allocations and Awards, [https://www.hudexchange.info/grantees/cpd-allocations-awards/?filter\\_year=&filter\\_program=2&filter\\_state=IA&filter\\_coc=1121](https://www.hudexchange.info/grantees/cpd-allocations-awards/?filter_year=&filter_program=2&filter_state=IA&filter_coc=1121)  
 48 City of Sioux City, CDBG Funding spreadsheet, 1995-2014

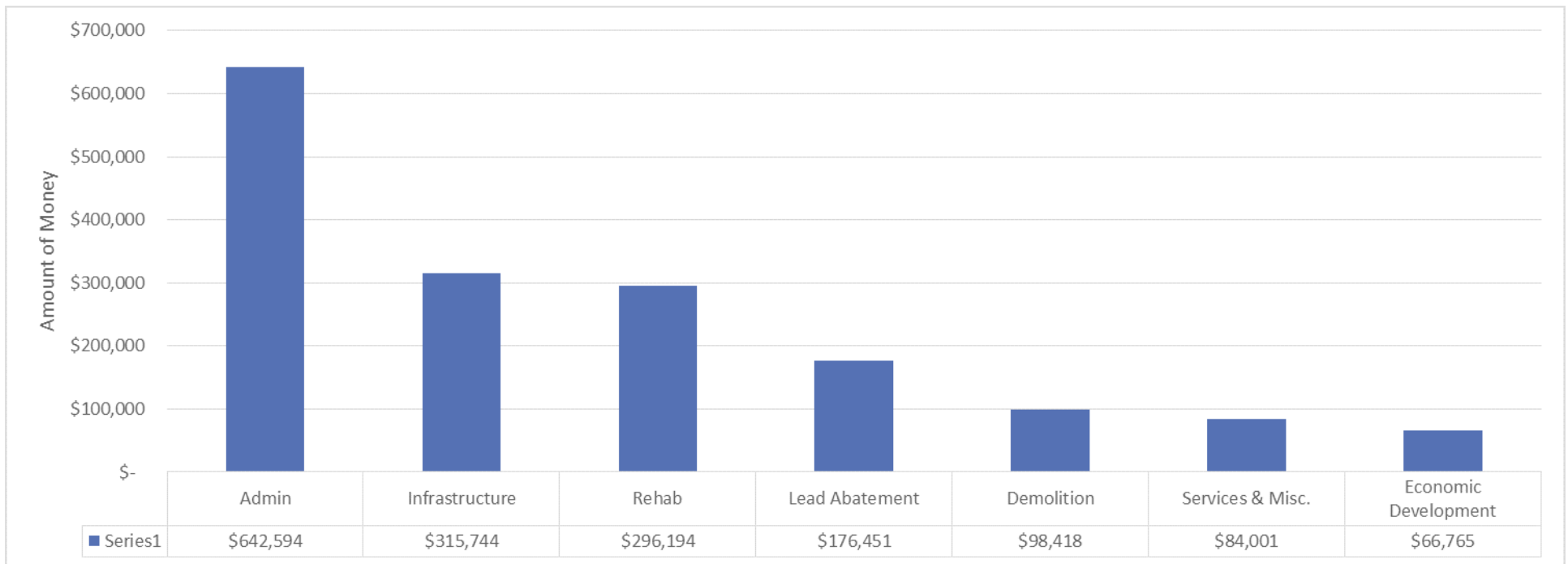


Figure 21 FY2013 Community Development Block Grant Allocations

delivery administration.<sup>49</sup> Other notable expenditures are infrastructure, such as sidewalks and retaining walls in the URAs, \$100,000 for demolition in the URAs. In 2014, the funds used for rehabilitation were the lowest in the recent past at about 9% of the budget. This is after a 4-year decline in rehabilitation funds.

Given these numbers and past trends, approximately \$345,000 (23% of \$1.5 million) may be allocated for rehabilitation in the future, assuming rehabilitation is brought up to past levels. This creates room to maintain funding for the City's other purpose-specific programs, like Elderly and Disabled Rehabilitation, while providing more funding for substantial rehabilitation activity. Likely some money will have to be shifted from either the CDBG infrastructure or demolition allocations. It depends on what projects the City and the community choose to prioritize.

In addition, \$400,000 dollars is being transferred over the next few years from the demolition budget into the Neighborhood Services budget for proactively addressing issues of deterioration before buildings require demolition. This is a good first step as demolition negatively impacts the tax base. However, we assume that some of the money should remain with Building Inspection Services in case of future demolitions; as demolitions have cost the City about \$10,000 on average in the past, we assume \$370,000

will become available for rehabilitation, allowing for three demolitions per year. Ideally, this number will be less though, as redevelopment does not seem to currently cover.

These two sources of existing funds supply all but \$95,000 for our recommendations, illustrating that much of the funding is already available for the implementation of these programs. However, it may be advantageous to generate new money outside of the CDBG to relocate reliance on Federal funds. Adding additional streams of revenue can also be beneficial.

### NEW FUNDING SOURCES

New sources of funding are still needed to implement the recommendations as everything currently stands. This could come from general funds, bonds, grants, or through other revenue streams such as increased service fees.

#### *Rental Fees*

One source of funding could be an increase to the cost of rental permits by \$5 per unit; this would generate an estimated \$55,975, filling more than half of the funding gap and providing enough funds for a new inspector's salary. Increasing this expense stream should not unduly burden landlords.

Currently annual rental permit renewals cost \$20 for single family dwellings, \$25 for duplex units (with a discount if one is owner-occupied),

<sup>49</sup> Budget information acquired from the Siouxsland Consortium FY2013 Consolidated Annual Performance and Evaluation Report, Year 4; only 20% of CDBG can be used for administration costs, but this number includes both Program administration costs. Activity delivery administration costs as explained in <http://portal.hud.gov/hudportal/documents/huddoc?id=13-07cpdn.pdf>



and \$20 for buildings with three or more units for the first unit with an additional \$5 for each unit in the structure. An additional \$5 per unit would affect large multi-family complexes the most, as the per-unit increase will multiply for the entire building.

Table 14 Rental inspection Fees in other cities in Iowa

City	Annual Registration Fee (Single Family)	1 <sup>st</sup> Inspection Fee	Total Fees
Dubuque	\$24	\$70	\$94
Mason City	\$20	\$60+	\$80+
Davenport	\$25	\$35	\$60
Cedar Rapids	\$30	\$0	\$30
Waterloo	\$25	\$0	\$25
Sioux City	\$20	\$0	\$20

However, the new permit fees would be in line with what is present in other Iowa communities. Cedar Rapids requires \$30 for single family and duplex units and \$25 plus \$8 per unit for multi-family structures. Dubuque charges \$12 per building and \$12 per unit, and Davenport charges \$25 per unit.

While some of these are lower than the new proposed fee, there is one major difference between Sioux City and many Iowan communities: the regular inspection and first re-inspection are both free, an uncommon policy. For example, Dubuque charges \$70 for an inspection, Mason City (with a permit of \$20) charges at least \$60 for an inspection. As a result,

Sioux City’s permits will still remain among the lowest of communities in Iowa. Alternatively a first-time re-inspection fee could be levied which would act as a fiscal incentive to encourage landlords to take the first inspection more seriously. However reinspection fees create an uncertain revenue source. Rental permit fees are not the only new source of funding.

*Grant Funding*

Additional funding could come from grants, either from Federal programs or from programs sponsored by the State of Iowa. Three potential grants that could be used in the Target Area include the Historic Preservation Tax Credit, the Historical Resource Development Program, or the Workforce Housing Tax Incentive.

While funding is possible given existing sources, it is most likely that additional sources of funding will be required for political feasibility.

Table 15 Potential Funding Sources

	Description	Amount
Historic Preservation Tax Credit	Provides tax credits to preserve historic buildings on the National Register	20% credit for certified historic structures
Historical Resource Development Program	Provides state funds to preserve or acquire historical resources to encourage and support the economic and cultural health of communities	Up to \$100,000
Workforce Housing Tax Incentive Program	Tax benefits for housing rehabilitation targeted at middle-income households in communities with dilapidated workforce housing	Up to \$1 million

However, the City's benefits from reinvestment should not be overlooked. The following section details the potential costs and benefits associated with the recommendations for rehabilitation in the Target Area.

### BENEFIT COST ANALYSIS OF REHABILITATION

A benefit cost analysis (BCA) is one way to measure the fiscal impact of a proposed program or policy. This includes summing both the benefits and costs that accrue to the City over the policy's lifetime to see if it produces a net negative or net positive result. While it is a useful tool, not all benefits and costs are easy to quantify, especially if a policy improves quality of life. As such, BCA has limitations, though it can still prove useful in determining whether to implement policy.

#### METHODOLOGY

Currently there are 250 deteriorated residential properties in the Target Area, fifteen of which are in poor or very poor condition. For the purpose of this BCA, we assume that these 15 parcels will deteriorate more rapidly than they can be repaired. As such, we assume they will be demolished in the future. We measure our rehabilitation policy over a 20 year timeframe to allow all rehabilitations in the Target Area to be completed and to illustrate long-term returns on investment<sup>50</sup>.

<sup>50</sup> It should be noted that other properties will likely deteriorate over this time frame, thus requiring additional rehabilitation. However, these are discounted for the purpose of this analysis. Should a more complete BCA occur, the chance of future deterioration must be taken into consideration.

#### *Costs*

Only rehabilitation and demolition costs are estimated in this analysis. The City's average cost of rehabilitation is about \$45,000<sup>51</sup>, while the average cost of demolition is about \$10,000. These numbers are used for the rest of the analysis<sup>52</sup>. With these costs in mind, benefits now need to be quantified.

#### *Benefits*

Benefits for rehabilitation include the direct increase in value for rehabilitated properties, along with the positive spillover that occurs in nearby properties. The increase in value is derived from Omaha and Sioux Falls data that suggests a return on investment for various renovation projects ranging from 20% to 60%<sup>53</sup>. These two numbers are used to provide a high and low estimate of the benefits that accrue to the homeowner after rehabilitation, though the actual return on investment is likely between these extremes.

The impact on surrounding parcels also varies case by case. In Sacramento, California, studies have shown increases of 32% for surrounding commercial values and 29% for surrounding residential values<sup>54</sup>. In Cleveland, Ohio, homes located within 150 feet of a substantially rehabilitated property was expected to add value equal to 13%

<sup>51</sup> Interview with Home Builders Association in Sioux City, March 2015.

<sup>52</sup> 2004-2014 Red-tag Demolition Data, Sioux City 2015

<sup>53</sup> 2014 Cost vs. Value for Rehabilitation. Rep. Omaha, 2014.

2014 Cost vs. Value for Rehabilitation. Rep. Sioux Falls: 2014.

<sup>54</sup> Catron, and Wassmer. "A Benefit-Cost Analysis of the Auburn Boulevard Revitalization Project." 2005.

of the investment value<sup>55</sup>. Meanwhile, St. Paul, Minnesota saw significant spillover effects with an increase of \$714 annually for nearby home values<sup>56</sup>. For the purpose of this BCA, we take a very conservative approach; studies show that the negative effect of undesirable properties can depress values by 3%. Therefore, we assume that rehabilitation will eliminate this negative externality, so we assume a 3% increase in taxable value for properties within 150 feet of a rehabilitation.

### *Savings*

Besides the benefits caused directly and indirectly by investment, the City will also be able to gain cost-savings through decreased service requirements. These include decreased expenditures for demolitions, crimes, and fires.

**Table 16 Assumptions Table for Cost Benefit Analysis**

Assumptions		
<b>Cost</b>	Rehabilitation Cost	\$ 45,000 per properties
	Demolition Cost	\$10,000 per properties
<b>Benefit</b>	Direct Benefit	20% - 60% returns on investment for value of rehabilitation
	Spillover Benefit	3% increase in taxable value within 150 feet of rehabbed property.
<b>Savings</b>	Demolition	Prevents demolition of 10% of deteriorated parcels every ten years; saves an average of \$815 in annual tax loss
	Crime	30% decrease in crime costs
	Fire	50% decrease in fire costs

First, regular rehabilitation will decrease the need for demolition as few properties will be dilapidated. To reflect these savings, we assume that 10% of parcels with a condition below normal will be demolished every 10 years. Preventing this saves an annual average of \$815 in taxes per parcel.

Reinvestment will also significantly improve the safety in the neighborhood. The Auburn Boulevard Revitalization Project saw crime decreased 32% after several years of reinvestment<sup>57</sup>. Therefore, we assume a 30% decrease in the number of crimes in the Target Area, and we calculated their impact using another study's estimated social cost of crime<sup>58</sup>.

Finally the cost of Fire protection will also decrease as outdated and dangerous electrical systems can be replaced. Asheville, North Carolina had a 50% decrease in the number of residential fires after implementing some similar programs<sup>59</sup>.

55 Ding et al. "The Effect of Residential Investment on Nearby Property Values: Evidence from Cleveland, Ohio." 2000

56 Goetz, Edward G., Kristin Cooper, Bret Thiele, and Hin Kin Lam. "The Fiscal Impacts of the St. Paul HOUSES TO HOMES Program." 1997

57 Catron, and Wassmer. "A Benefit-Cost Analysis of the Auburn Boulevard Revitalization Project." 2005.

58 McCollister, Kathryn E., Michael T. French, and Hai Fang. "The Cost of Crime to Society: New Crime-specific Estimates for Policy and Program Evaluation." 2010

59 Hickey, Carol. Ensuring Housing Quality: Proactive Minimum Housing Code Inspections of Rental Properties in North Carolina Cities (2008)

## COST FOR THE CITY

The cost for the City is determined by the amount of money that the City spends from its own accounts. The \$370,000 that is being transitioned from demolitions funds is the main source of funding contributed from the City’ tax base, and it accounts for approximately 55% of the total annual cost of rehabilitation, while the rest of the money will be allocated from CDBG or other external sources. All demolition funds are expected to come from the tax base. This means that City will spend approximately \$5,816,250 for rehabilitation and \$150,000 in demolition over the twenty year timeframe with \$5,758,750 coming from CDBG and other sources. This makes the cost of the coordinated reinvestment in distressed areas approximately \$5,966,250 in the Target Area.

Table 17 Cost for the City

	Cost (\$)	#	Total (\$)	% City Funds	Cost to City (\$)
Rehab	45,000	235	10,575,000	55%	5,816,250
Demo	10,000	15	150,000	100%	150,000
<b>Total</b>		250	10,725,000		5,966,250

## BENEFITS AND COST SAVINGS FOR THE CITY

Over that same twenty year-span, the City will generate an additional \$1.4 million in residential property taxes for the City using the low estimate. This includes approximately a \$540,000 increase in rehabilitated property taxes, those properties that were previously a drain on the tax base, in addition to \$860,000 that accrue to neighboring properties.

However, the benefit could be even greater given the high estimate. If this is the case, the direct effect of rehabilitation will be closer to \$1.6 million, in which case the total increase in taxes that flow to the City would be \$2.5 million increase.

Table 18 Benefit for the City

	Increase in Rehabbed Property Taxes		Increase in Nearby Property Taxes
	20%	60%	3%
<b>Benefit (\$)</b>	537,444	1,603,691	859,134

This creates a range of between \$1.4 and 2.5 million with the likely outcome somewhere in between. Part of this would depend upon how quickly the housing market recovers from the negative effects of deterioration.

However, cost savings are also fairly significant. Crime is expected to provide savings between \$3.2 and \$7.5 million, while preventing demolitions is expected to save the City more than \$300,000. While savings from fire-related costs are estimated to be more than \$140,000.

Table 19 Cost Saving for the City

	Decrease in Crime		Savings from Fire	Savings from Demolition	Prevention of Tax loss
	Low	High	50%		
<b>Saving (\$)</b>	3,262,286	7,474,090	143,260	150,000	156,480

## BENEFIT TO COST RATIO

When the costs and benefits are summed, it becomes apparent that the recommended rehabilitation generates nice returns compared to its costs.

**PROGRAM IMPLEMENTATION**

At the low end, we estimate that it generates \$86 dollars for every \$100 spent, though benefits generated could be as high as \$174.

As noted earlier though, this model does not contain all factors that may be generated by reinvesting in the residential core of Sioux City. It could also increase sales taxes downtown as the market improves and vacancies decrease, and it also likely leads to positive outcome for commercial property values too as they benefit from positive spillover effects.

Regardless, the model demonstrates that coordinated reinvestment has the potential to create significant returns to taxpayers using public investment. In the process it also improves the Target Area by eliminating or at least reducing deterioration.

Table 20 Cost Benefit Ratio

	Low	High
Direct Taxes	\$ 537,444	\$ 1,603,691
Indirect Taxes	\$ 859,134	\$ 859,134
Reduced Crime	\$ 3,262,286	\$ 7,474,090
Reduced Fire	\$ 143,260	\$ 143,260
Reduced Demolition	\$ 150,000	\$ 150,000
Prevention of Tax Loss	\$ 156,480	\$ 156,480
Total Benefits	\$ 5,108,604	\$ 10,386,655
Rehabilitation Costs	\$ 5,816,250	\$ 5,816,250
Demolition Costs	\$ 150,000	\$ 150,000
Total Costs	\$ 5,966,250	\$ 5,966,250
<b>B/C Ratio</b>	<b>0.86</b>	<b>1.74</b>

Evaluation is an important part of any plan because it helps measure whether or not its implementation fulfills its goals. As such, evaluation requires that the outcomes of each goal, that is, the intended change to the City as a result of a goal and its actions, are explicitly stated. This benefits the City because it clarifies exactly what the City wants to happen; this reduces the chance for ambiguous results. It also provides a framework in which measurements can occur to monitor whether the goal is reaching its outcomes. We use the term ‘indicator’ to denote the specific measurements used to track whether or not outcomes are occurring<sup>60</sup>.

To understand whether programs are creating a difference, program evaluation must be a continuous process. Many of these indicators may already be reported, though without a full attention paid to the effects of programs. For example, the number of properties renovated using CDBG and HOME funds is already presented in the Consolidated Annual Performance and Evaluation Report sent to the Federal Department of Housing and Urban Development, but the effects of these renovations on the City’s tax base are not presented. However, an accurate knowledge of the impact of programs is important for meaningful evaluation.

Before beginning evaluation, the City must first establish a baseline. Some baselines have already been established in this paper, such as the

60

“A Capacity Builder’s Resource Library Measuring Outcomes.” Compassion Capital Fund (CCF), (2010)

number of deteriorated homes, but these baseline indicators are not systematically kept and organized for easy evaluation. As program implementation continues, these should be updated annually so that their impact can be measured to understand which programs are most effective. This allows successful programs to be expanded and less effective programs be scaled back or eliminated which ensures that the most cost-effective and efficient programs continue.

On the next page is an implementation table with all of the policy recommendations proposed in this study. It includes the importance of each recommendation, the timeframe in which it should be completed, the outcomes that various goals should produce, and possible indicators for these outcomes. While this list is not exhaustive in terms of what should be done to improve the condition of the historic residential neighborhoods, it provides guidance for implementation of this plans recommendations. Ideally, the Neighborhood Reinvestment Task Force would oversee the coordinated reinvestment, so its priorities may change as stakeholders gather, share ideas, and identify new problems. As a result, they should be in charge of monitoring this implementation table only provides one model that the City of Sioux City can follow.

Implementation Table

	Importance <sup>62</sup>	Timeframe	Outcome	Possible Indicators
Goal 1: Improve the Housing Stock			The housing stock in the area is being improved through rehabilitation activities, both those aided by the public sector and those undertaken solely by private initiative	# of Rehabbed Homes # Houses Below Normal # of Code Violations \$ Increase in Taxable Value (Property and Surrounding)
Modify the URA Rehabilitation Programs	Key	1 to 3 Years		
Use the Urban Revitalization Tax Abatement for Rehabilitation in Distressed Areas	Secondary	3 to 5 Years		
Reduce Inspections to 3-year Cycle	Secondary	2 to 4 Years		
Goal 2: Facilitate Communication			Residents, the City, and the nonprofit and private sectors are aware of each other's actions and are actively discussing how the improvement of the Target Area can occur	# of Inquiries # of Applications Attendance at Task Force Meetings
Create a Neighborhood Reinvestment Task Force	Key	1 to 2 Years		
Increase Public Outreach	Secondary	1 to 5 Years		
Designate a Single Point of Contact	Secondary	5 to 10 Years		
Create a Vacant and Abandoned Home Registry and Acquisition Program	Secondary	5 to 10 Years		
Goal 3: Increase Staff Capacity			Staff is maintaining its current level of service while ramping up efforts to improve the Target Area	# Inspections Daily # Code Violations # Repeat Code Violators
Increase Inspections Staff	Key	1 to 2 Years		
Use Internships for Public Outreach	Secondary	2 to 4 Years		
Goal 4: Empower the Community			Neighbors are taking an active interest in improving their surroundings and are working together for that very purpose	# Neighborhood Meeting Attendees # Neighborhood Projects \$ Neighborhood Project Investment Feeling of Neighborhood Cohesion (Survey)
Encourage Neighborhood Organization Activity	Supplementary	1 to 5 Years		
Create Neighborhood Improvement Program	Supplementary	5 to 10 Years		

62 Key goals are those that are most important to the success of the plan. As such, they should be prioritized in implementation. Secondary goals support the Key goals but are not central to the plan. Supplementary goals do not directly impact the housing stock and so they are not key or secondary goals. However, they are important to the success of the plan, so they are included as their own category.





# Chapter 9

## CONCLUSION



The deterioration of the housing stock is a problem in Sioux City that needs to be addressed. It has occurred as a result of disinvestment over many years, and once it asserted itself it has driven a cycle of further disinvestment. Over time, the housing stock aged without adequate maintenance, and it was increasingly converted into rental and multifamily units. Those who lived in the area with the means to privately invest in the property left to invest in newer neighborhoods with functioning housing markets at the fringe of the City. This left disadvantaged populations and those less able to care for the property behind. The Target Area fully exemplifies the process of neighborhood disinvestment.

This had several negative results. First, those who were not able to leave saw deterioration worsen and investment leave the area. This damaged their quality of life, while at the same time, extreme dilapidation created health and safety concerns. Lack of investment in the central city has also had a negative impact on the rest of the City's tax base, not only from decreasing property values, but through increased need for City services. This has shifted the property tax burden to others who moved away from the deteriorated areas.

However, reversing these trends are possible with strategic reinvestment throughout deteriorated areas. By investing money to ensure that properties maintain a minimum standard of safety and aesthetics, the negative impacts of deterioration on property value can be eliminated. As a result, currently

underperforming properties that are putting a strain on the tax base could be transformed into performing assets to help lift the tax burden from other taxpayers. In other words, investing in distressed areas benefits everyone.

Investment cannot just come from the public sectors or it will never be enough. It needs to be a coordinated effort of private, public, and nonprofit groups to work alongside residents to improve the area. In doing so, gains made by reinvestment will be more sustainable over the long run.

In addition, projects and programs need to be coordinated at a neighborhood level. This means that they need to take into account the underlying area and its characteristics, but they also need to account for where investments are currently happening and how nearby properties may affect it or be affected by it.

Fortunately, coordinated reinvestment is not an impossible effort. This study supplies a plan to begin addressing the issue of deterioration in a holistic manner and evidence supporting the need to do so. Beyond presenting a plan, this study also provides a funding proposal to implement the plan that is feasible and relatively affordable. What's more, benefits to the City will make the investment worthwhile, especially if the cycle of disinvestment can be broken. All that's needed now is a decision to act.

The Study Team is glad that it has been able to assist the city by identifying resident housing concerns, analyzing and present data to inform future decision-making, and offering policy recommendations. The Team

looks forward to see what the future brings the City of Sioux City and thanks the City for allowing the team the opportunity to help this community.



# APPENDIX



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## APPENDICES

Note: the appendices are expansions upon information present in the paper. However, they are supplementary and so have received relatively little work once they were finished.

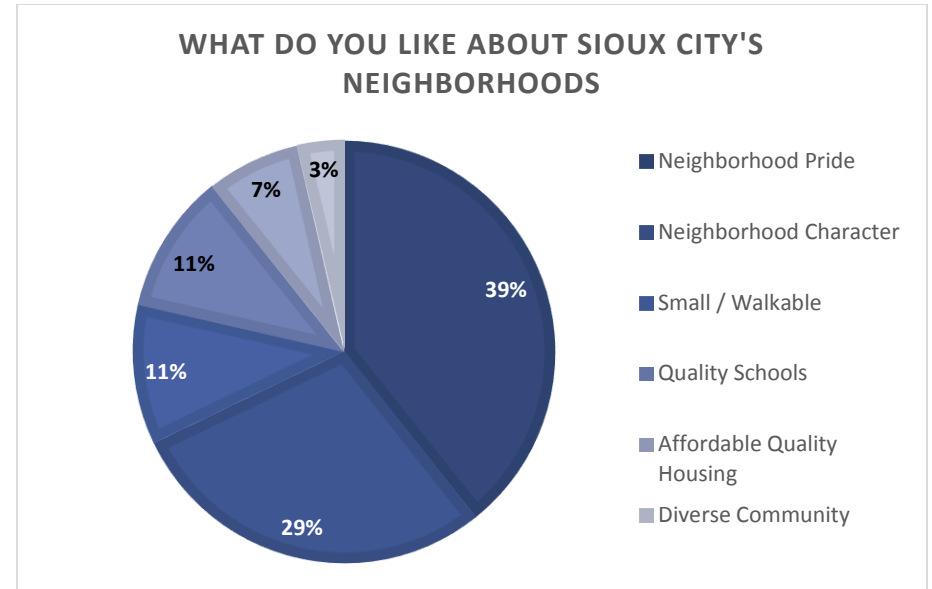
## APPENDIX I: PUBLIC INPUT EXPANSION

### PUBLIC AND STAKEHOLDER INPUT EXPANSION FROM OCTOBER 14-16, 2014

Our first series of conference calls occurred in September 2014 and included City staff and commission members, and five focus group meetings were held in Sioux City on October 2014. Receiving public input from different stakeholder groups was important to this analysis because the project must balance many differing interest groups. Groups involved in this stage were the Neighborhood Network, Human Rights Commission, City Staff from the Housing Authority, Neighborhood Services, Urban Planning and Building Inspections, the Historic Preservation Commission, and the SiouxLand Rental Association. Results were obtained from focus groups through conversations and questionnaires. Each group was asked up to seven questions, with three common questions designed to identify local strengths, issues, and what participants would like to be the final result. The three questions common to each group were:

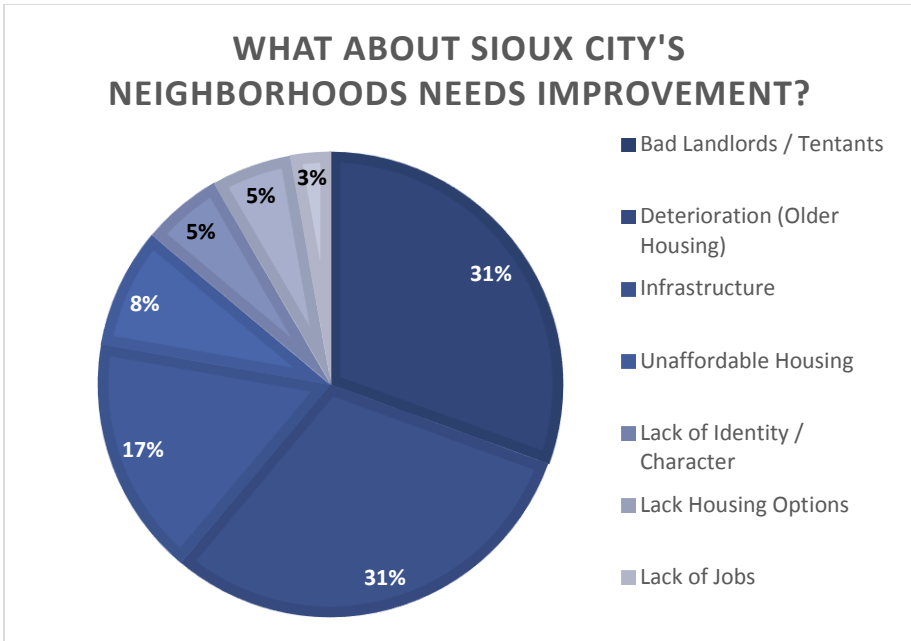
1. What do you like about Sioux City's neighborhoods?
2. What about Sioux City's neighborhoods need improvement?
3. What do you think are the key issues this study should focus on?

The most commonly mentioned strength was a strong sense of neighborhood pride. Through discussion, participants relayed that relationships are strong within neighborhoods and that the city was like living in a small town but with the benefits of a larger city. Residents also liked neighborhoods' unique, historical character and diverse housing stock. Specifically, participants stated that they enjoyed the historic character, the diversity of styles, and distinct 'personalities' of these areas. They stated that the historic character elevates the sense of neighborhood pride.



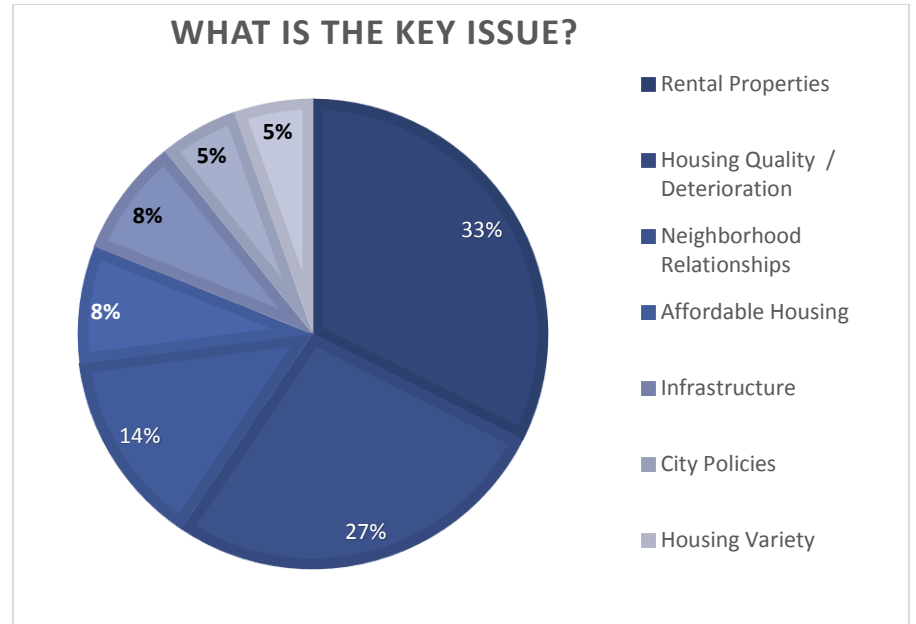
**Figure 1 Questionnaire response compilation from public meeting**

Most issues that were mentioned involved housing deterioration or landlords who maintained their property poorly. Once this occurred, the home itself and the others around it became less appealing and less valuable. A common word used in every focus group when discussing rental properties was 'slumlord'. All groups acknowledged that in some cases landlords were not maintaining properties as they should be and that rental inspections are not frequent enough. Another concern was the age of the housing stock and infrastructure, and the inability of low income owners to properly maintain older homes. Older homes were also often converted into multi-family rentals which fell into disrepair. Affordable rentals were mentioned by some residents too. Some stated that it was especially bad right now because the market is tightening as a result of the new manufacturing plant.



**Figure 2 Questionnaire response complication from public meeting**

A majority of stakeholders wanted recommendations about how to improve rental units and prevent deterioration in historic neighborhoods. Participants also wanted more programs that assisted with home maintenance, especially for the elderly.



**Figure 3 Questionnaire response complication from public meeting**

In total, housing deterioration was identified as the primary local concern, with problematic rental properties identified as its cause. Participants also attributed deterioration to a number of other factors including the aging housing stock, a lack of funding and resources for maintenance, infrequent inspections, poor management, and irresponsible renters.

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## RESPONSES FROM QUESTIONNAIRES

### ***What do you like about Sioux City's neighborhoods?***

- Small
- Easy travel, can get anywhere in Sioux City in 15 minutes usually.
- Generally safe, most neighbors/ neighborhoods take pride in where they live.
- Unique sense of place, very defined
- I like the older more established neighborhoods. The yards are larger, houses are not as close together and a variety of styles and designs
- The close proximity to personal needs, i.e. stores, business, retail.
- There is a lot of diversity. Some areas are truly unique (i.e. historical, wide vs. narrow streets)
- Historic homes, some walkable neighborhoods, proximity to parks, safe, low income in most area. Friendly people- some very stable.
- Diversity, nice schools - (new schools built in older areas)
- My property, my neighbors, availability of schools & parks
- Great diversity of styles
- Each neighborhood has taken on its own personality- very diverse. I like that they create a different atmosphere
- They are safe generally - like the historic feel of the Northside
- In Greenville, we are a small neighborhood, where we watch out for neighbors
- General good concern for each other
- Riverside on a whole is quiet and a good place to live.
- They each have their own unique characteristics and feel like small towns in one. It's never a far drive from one end to the other.

### ***What about Sioux City's neighborhoods needs improvement?***

- Better landlords/ inspection on rental properties
- Affordable housing/ apartments. Rent in Sioux City runs 500-1200. *Depending on size- where they live could afford a house if they had financing*
- Overall appearance; issues with landlord properties
- Streets and roads, many have concrete issues or potholes. People need to take more pride in their neighborhoods and not leave garbage, etc. around. Landscaping their yards would help. Landlords who do not take care of their properties.

- Identity: Although there are "names" associated with areas what do they represent? There is a strong sense of pride for people's neighborhoods but they lack a certain character and identity found in other communities.
- Many areas lack connectivity for motorists and pedestrians. There are no clear "monuments" that highlight neighborhoods. There are areas where the residents do not take care of their property.
- Some areas face serious long-term deterioration of housing stock and social issues, some areas is in transition. Some areas have too high a percent of rental vs. single-family home ownership- some areas are too dense.
- Slumlords held accountable, elderly assistance, vacant properties, homeless scattered around- drunks/ alcoholics- loitering; roads that don't need constant repair drain sewers
- More housing built in the 150,000 range-- more fill in of existing neighborhoods-- more rehab of existing older housing stock.
- Some need improved infrastructure (streets), homeowner improvements, better visibility of neighborhood associations
- Infrastructure updates- traffic accessibility- east/west road connections
- More citizen involvement in local coalition meetings - widen out the old streets
- Street lights, infrastructure (streets, utilities, digital access), rehab of homes- especially rentals- open lots owned by County/ City- no tax revenues- no homes being built on them (inner city)
- Properties could be kept up a little better. One bad house spoils a neighborhood
- Too much commercial, strip mall space and not enough residential or apartment space. Rent is high because of demand and is pushing people away

### ***Is housing in Sioux City adequately meeting the needs of residents? Please explain your answer.***

- No Rental Properties are in need of stronger regulations
- Financing homes for first time buyers. The City has programs for people with low income, but no programs for students who come out of college with a lot of student loan debt.
- Lacking in affordable housing
- Not sure.

- Based on my limited experience I think housing in Sioux City is adequate however everything could use improvement. I would say the housing for lower economic families could be improved.
- I believe so. When I was looking for a house last year, there was a lot to choose from. It seems that you can find a home whatever price range you are looking for.
- Some areas particularly close to downtown have too much deterioration and lack of reinvestment. Age of housing too great- Need for revitalization.
- For the most part. Apartment Complex held accountable- updated
- MLS Realtor Struggling -don't exhibit
- We are getting by but basically we could use improvement
- Yes- the City provides many housing alternatives
- Yes but some areas could use revitalization.
- Quantity is good- quality is not as good- many rentals look shabby
- Low inventory of low/ moderate priced housing -- need housing advocacy to help moderate-income families purchase a home.
- Yes
- No- see above. With so much construction, especially commercial, there are out of town workers who rent but pay whatever and no space for citizens. The rent goes sky high for this reason among others.

***What do you think are the key issues this study should focus on?***

- Improving properties that are being rented out
- Affordable housing projects.
  - o ex: not the Whisper Creek houses start at \$250,000
- Housing stock issues (quality)
- Finding ways to strengthen neighborhood social relationships
- How can we help the elderly stay in their homes- programs for assistance with painting, handicap ramps, snow shoveling, mowing, removal of dead of fallen trees.
- Alley Improvements
- Low income housing; improved landlord- tenant management
- Neighborhoods with challenges. Older housing stock, low level of investment. Rental Housing; inspections; blighted areas.
- Take a look at the opportunity for downtown housing especially market rate to attract new residents and investment.
- See above- housing/ shelter homeless. Drunks/ addicts -- assistant

- Rehab v. New construction of single family and apartment s
- Transportation Needs
- Access to green space
- Strengthening resident commitment to their neighborhoods
- Age and condition of housing stock - good planning for new development- including streets and utilities
- Focus on Citizen Involvement, even down to voting. Homeowner voting vs. rental voting
- What we can do to make our city more attractive to newcomer and business
- Rent amounts vs. other cities.
- Red tag house amount
- Slumlords
- Mobile home communities get forgotten - no checks no balances, no support.
- City policies

***Given your answers, how do you think these issues could be addressed?***

- Inspection/ landlords forced to take care of houses including Section 8. Tougher Guidelines
- More programs for all first time buyers and more laws for landlords
- Tougher practices with regard to rental permits
- New ways to promote involvement
- Instilling a sense of pride. Letting citizens know the City wants to HELP. Not handout but help. Meet with Landlord Association, ordinance changes for rental properties.
- Long-term efforts - public/ private partnership- long-term solutions - tough enforcement- Address landlord issues - need for reinvestment.
- Classes for tenants on Section 8 Housing - what are their requirement sand requirements of others- Realtors know what special requirements are -- noise ordinance
- More programs to give incentives to build or rehab.
- Develop strategies, which encourage reinvestment in older neighborhoods, through increased single-family ownership. This would involve increased emphasis on infrastructure reinvestment and green space planning
- Comprehensive look at infrastructure and how it supports new and existing homes. Age issue is addressed through a good condition assessment policy that is strongly enforced.



- Community/ Sioux City billboards on reminders to vote- attend meetings and be involved in our city- it all takes money and we know about the tight budget.
- Council action
- Groups like the neighborhood network
- Community action

- Fabric, architecture - old names of areas seem to be disappearing Ex: Crescent Park, Smith Villa
- Charming old, friendly, historic levels of prosperity styles -- William Steele Buildings
- Affordable in almost all areas

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## CITY STAFF

### ***What are Sioux City's strengths, especially related to housing?***

- Diverse community - strong core population- growing community
- Currently a large number of new employers/ workers but this also fills a limited stock of rental options -- SCHOOLING
- Low rents

### ***What problems do you see in Sioux City, especially related to housing?***

- Old housing stock - large rentals
- Aged housing stock, Limited availability, care for units
- Shortage of affordable housing -- housing stock down due to growth in manufacturing

### ***What types of housing programs have been successful when it comes to housing in Sioux City? Have any programs been particularly unsuccessful?***

#### ***Please explain your answer.***

- Urban renewal
- Federally Subsidized construction/ refurbishment -- voucher programs including SCHA
- My P.A.P. -- HUD Rehabs

### ***What do you think are the key issues this study should focus on?***

- Old housing stock
- Additional Options within income compatibility / affordability
- Low Rent housing

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## HISTORIC PRESERVATION

### ***What do you like about Sioux City's neighborhoods?***

### ***What problems do you see in Sioux City, especially related to housing?***

- Deterioration -- paint needed, bad roofs, broken screens. Many rentals - cars parked in yards, empty houses. Not routing intersections. EX Fire Dept. inspects apt units and above yearly - others not on routing inspect
- Renting houses on Jackson St. Is an old charming street with historic houses but when they become rental, they lose their appeal/ value
- downtown housing options are lacking for market rate units

### ***How has the housing market in Sioux City affected historic homes in the last five years?***

- Seem to be not as many people buying older homes that either do not have funds or interest in restoring
- Medium income of residents
- Dakota Dunes, SD Community -- people have moved out of the City over there
- Fewer well-paying JOBS
- People are moving to Dakota Dunes, SD to avoid taxes and realtors are showing more homes there than here. (LOW MEDIAN INCOME HERE)
- since I have been here I have not noticed a significant demand of people looking specifically for historic homes

### ***Do you consider all old homes to be worth saving? Please explain your answer.***

- No- Some are too far gone to preserve
- some were not impressive when built
- do not contribute to city, neighborhood or fabric

- Yes. Their historic value gives us wonderful stories to learn about our great city.
- Not necessarily, if there is an immediate option for reconstruction on the lot. However I believe saving should always be looked at before demolition

***What do you think are the key issues this study should focus on?***

- Is there an unusual amount of rentals
- What quality are the rentals
- Are there any trends or patterns
- Rental inspections? How often and are they being done?
- Preserving our heritage IE. Terra Cotta, neutral houses, makes it appealing, not turning everything into rentals. (CF Industries Etc.)

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**RENTAL ASSOCIATION**

***What do you like about Sioux City's neighborhoods?***

- Large number of good homes
- I like that most neighborhoods seem to take pride in their properties. Love the large older homes like that people identify themselves with area they live- new schools.
- Each one has its own personality and pride
- The people--- the school system -- in school administrators, leaders and students
- The variety, identification of neighborhoods, schools, neighborhoods have coalitions- pride- identity
- some good - some not so good- good areas have higher demand
- Some nice clean ones- adverse variety
- Neighborhood schools- but city is getting rid of businesses in-between houses, small parks, neighborhood groups
- Northside
- Historic Houses
- identity with neighborhood
- Neighborhood becomes familiar with newer tenants and to a good extent watch out for each other

***What problems do you see in Sioux City, especially related to housing?***

- Irresponsible tenants, shortage of quality renters
- Some of the streets are too narrow. Need to have more neighborhoods input when changes are to be made. Inspections are inconsistent
- Old 100 year old houses need a lot of maintenance or be replaced
- shortage
- the housing is run by slumlords and not livable
- aging homes- some not being maintained adequately
- Not many jobs for higher end - nicer Aging homes - need longer term tenants --- old pipes!
- Getting good long term paying tenants
- Government subsidies large compensation on large old estates payments but either if any help or incentive for small apartments
- age of city housing, inner city property- rules of lead base paint
- Old wives tales about veteran neighborhoods -- housing inspections intervention- lack of appeals on inspection decisions
- Public defender's office - not always good advice to tenant. Probably landlords worst enemy

***What is the rental market like in Sioux City? What types of units are in highest demand?***

- 2-3 bedroom apt/ townhouses
- I hear that there is a shortage of properties- not sure.
- Tight-- I am full and get calls every week. 3 bedroom houses seem to be most in demand in my market segment
- very limited, not enough rental property middle to upscale units that are clean and safe
- clean, quiet, safe, well maintained units
- Good Market- 3 BR
- not many 3 or 4 bedroom, lots of people have 4 kids or more so want 6 bedroom
- tight--- 2 bedroom & houses
- Great!! Not sure but would guess that single family 3 bedroom would be in demand
- Simple homes are the best in renting. Asked by Tenants
- efficiency through 3 bedroom
- Rental Market now is good- most calls are for 2-3 bedroom

***What factors have the biggest impacts on maintaining rental units in Sioux City?***

- city codes, regulations
- Pest control-- aging housing-- lead paint
- Cost, age.
- tenants, negligence, and pets
- finding the right tenants
- taxes, building material and labor costs
- respect of property, taxes on property
- costs of property taxes
- Trying to recoup from damages
- High Property tax
- Upkeep- tenants not taking care of the place
- Rental Codes
- fire department inspections, redundant with housing inspections -- lack of inspector cooperation when making improvements
- Transportation availability, buses, grocery store nearness

***What tools are in place to help maintain properties? What would you like to see?***

- power company rebates
- Several pest control companies. Grants for major issues.

- frankly, a solid lender willing to lend for renovations and repair
- security deposits- higher security deposits and first and last month's rent prior to possession
- Not much- most everything falls on landlords to pay for.
- data base of people who cheat owners- if the rent is not paid, the money is available to fix
- grants and fix up for landlords who live in SC Not corporations from out of town
- Would like to see a volunteer group of people in helping out in keeping the City clear of Litter

***What do you think are the key issues this study should focus on?***

- landlord rights/ tenant responsibilities
- renovation rehab of older structures
- Tenants must allow 24 access to landlord upon request and 30 day notice to vacate
- finding additional funding for landlords for property improvements, decrease in crime areas - help to screen applicants
- impact of taxes, regulation, and owner-tenant rules
- owner support
- have more neighborhood input on issues
- Landlord is at mercy of tenant courts lean toward rewarding tenant for being irresponsible
- Neighborhood meetings to keep residents informed

**PUBLIC AND STAKEHOLDER INPUT EXPANSION  
FROM MARCH 1-3, 2015**

The study team returned to Sioux City from March 1 through March 3, 2015 for a second round of public input meetings to gain insight into potential solutions. Most meetings were conducted as interviews in which we sought out stakeholders with professional experience related to housing in Sioux City. For this reason, this study team had interviews with representatives from the nonprofit, private, and

public sectors. It was useful to get feedback from people who used policies to help inform our policy analysis. Attendees are included in the table.

The first common issue that participants had were that homes were too deteriorated to make rehabilitation effective in the market. The Community Action Agency noted it is difficult to find rentals for Tenant Based Rental Assistance because many homes are too poor for their standards, and that most landlords are unwilling to improve them because there was not enough benefit, an idea seconded by Wakeman. Connelly noted that renovations on properties

**Figure 4 Stakeholder Interviews**

Nonprofit Sector		
<b>Katie Roberts</b>	Executive Director	Siouxland Habitat for Humanity
<b>Jean Logan and Team</b>	Executive Director	Community Action Agency of Siouxland
<b>Kristine Bornholz</b>	Director of Immigrant Education	Mary J. Treglia House
Private Sector		
<b>Chris Bogenrief</b>	Broker / Owner	United Real Estate
<b>Kyle Kelly and Team</b>	Broker / Owner	Century 21 ProLink
<b>Bart Connelly</b>	President	Connelly Development
<b>George Wakeman</b>	President	Oakleaf Property Management
<b>Daniel DeBoest and Team</b>	Regional Bank President	Northwest Bank
<b>Nancy Moos</b>	Executive Officer	Home Builders Association of Greater Siouxland
<b>Mike Clausen</b>	Owner	W.J. Co. Midwest
<b>Gary Johnson</b>	Owner	Gary Johnson Construction
<b>John Gunia</b>	Owner	John Gunia Construction
<b>Will Delfs</b>	Owner	Able Homebuilders
Public Sector		
<b>Daryl Bullock</b>	Inspection Services Supervisor	Building Inspection Services
<b>Jill Wandersheid</b>	Neighborhood Services Supervisor	Neighborhood Services
<b>Tom Bates</b>	Housing Analyst	Housing Authority
<b>Charlie Cowell</b>	Planner	Planning and Zoning
<b>Jeff Hanson</b>	Community Development Operations Manager	Community Development

often provided less profit in Sioux City because of the state of the buildings, so public subsidies, like the historic tax credits, were necessary to make them profitable. However, Gary Johnson who commonly utilized City programs noted that public subsidies, such as for older homes in Urban Revitalization Areas were often not enough to bring homes up to code, often falling \$20,000 short. Therefore, they indicated a need for greater subsidy to make up the gap between sales price and rehabilitation cost.

Regardless of the state of housing, many noted the difficulty of navigating regulations or even know what programs existed. Habitat's small staff found it especially difficult to comply with the complex HUD standards, and homebuilders noted the expensive nature of navigating lead regulation. Even simple programs, like 'A Brush with Kindness' could not be started for that reason.<sup>1</sup> In other situations, federal forms that could be used for funding, like applying for the National Historic Register, were often ignored because of their complexity. Connelly admitted that it was only through costly trial and error that had his company figured it out how to navigate policy.

Because of the difficult market, almost every group indicated a need to work together in a large, concerted effort. The realtors noted that unified action was needed, beyond substantial amounts of investment. This included partnerships

with developers or local businesses. The homebuilders also asserted that those who lived there needed to get more involved, and the Community Action Agency suggested including schools because of resident's strong loyalty. Treglia house also noted the importance of including landlords in the process. Bankers and the City also stated that they thought better enforcement of existing code was essential Bankers indicated that code enforcement would also be crucial to change the face of the neighborhood.

In the end, almost everyone had agreed that there was a need for a partnership of some sort to coordinate actions, or at least a master plan. Meanwhile, the nonprofits were enthusiastic about working more closely with the City and residents to improve housing conditions. Other private groups like the homebuilders and Northwest bank also indicated an interest in participating in partnerships if it would be mutually beneficial. In the end, most groups also acknowledged that the area's location, unique housing stock, and historic character could spur investment in the area, despite reduced profits that currently exist there. It was also suggest that now was a good time to get something going in this area, because of the redevelopment that has occurred downtown. Most meetings ended with an acknowledgement that something needed to be done in these areas that was large and coordinated.

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<sup>1</sup> A Brush with Kindness is a program run through Habitat for Humanity in which volunteer labor and donated paint is used to paint homes for low income owners.

## APPENDIX II: HOUSING MARKET EXPANSION

### HOUSING MARKETS: STRENGTH, DEMAND, AND CHARACTERISTICS

Housing markets are important when studying neighborhood externalities because neighborhoods need some market potential for intervention to be successful. Without market potential, subsidies will have to be even deeper, which may render it impossible to gain enough public intervention to jumpstart a housing market. While Sioux City's housing market is relatively weaker compared to those of other major cities in Iowa, it is currently rebounding from the Great Recession, and as such, this may be the best time to intervene while prices are low but there is high potential.

To investigate the housing market, this study looks at housing starts for both single and multi-family properties. This study also measures demand through home values and rent, vacancy rates, and sales and foreclosure data. This data allows for a more localized view of the housing market. Finally, housing characteristics are explored to indicate what kinds of homes are desirable; this can affect the nature of policy intervention.

### NEW CONSTRUCTION

The new construction of housing units, also referred to as housing starts, is a key parameter when looking at a housing market. Ample new construction can indicate a strong and growing housing market, while less new construction is associated with a weaker market. Developers only build new residential units when they believe units can easily be sold or rented, so increasing housing starts implies increasing demand in the market. New construction for both single-family and multi-family (more than 2) units are analyzed. Single family construction is measured through the number of building permits issued, while multi-family starts are counted by the number of units issued.

Last year, Sioux City issued its most single family permits since 2002. The numbers indicate a recover of the new construction market after its low point in 2011.

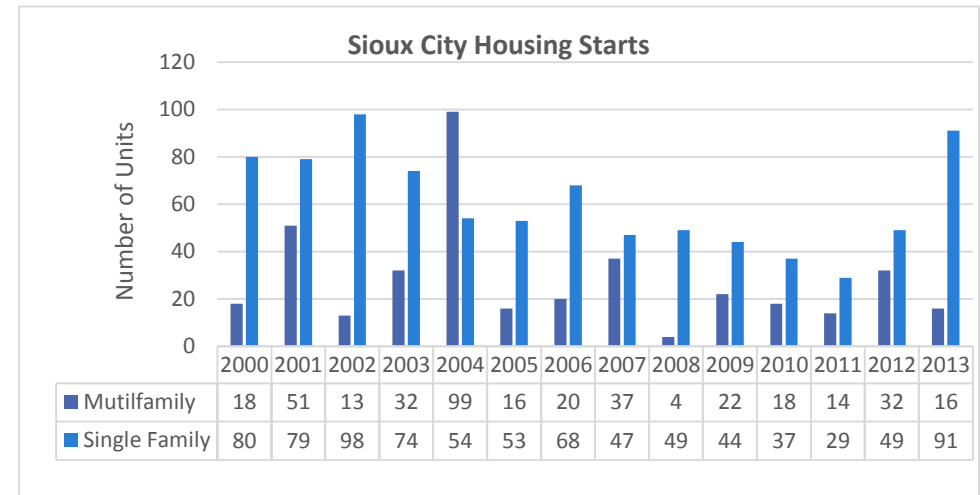


Figure 5 Number of New Housing Units in Sioux City, Building Permits Survey

Comparing the city and metro shows that the city had a larger decline but a faster recovery in single family starts. By indexing the annual housing starts to 2000, comparisons between the City and metro are easier to analyze. Both the city and MSA exhibit similar trends with a general dip in housing starts from 2002 to 2011. However, the city had a larger decline and steeper recovery compared to the MSA. This could be due in part to the fact that the city had fewer housing starts in 2000 and so needed less construction to reach and pass levels in 2000.

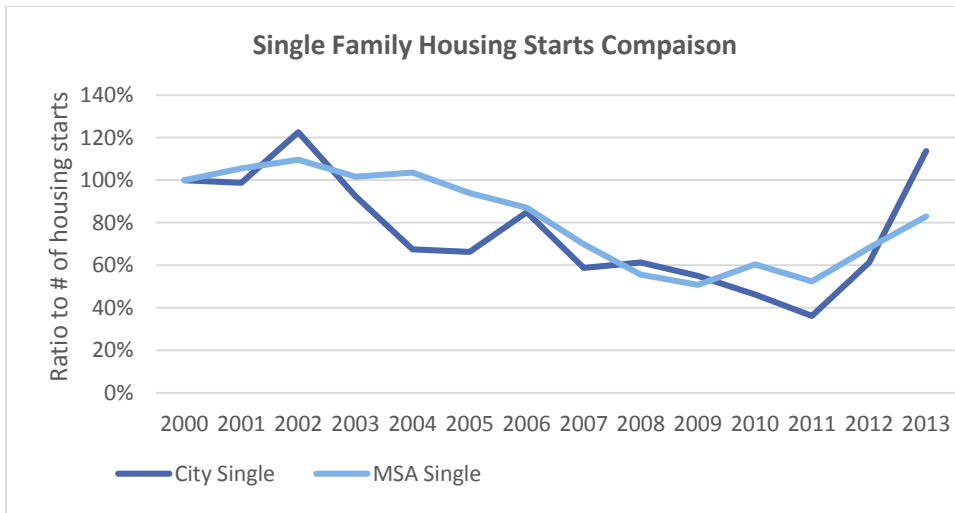


Figure 6 Single Family Housing Starts of Sioux City and MSA, Building Permit Survey

Multi-family housing starts are also important because they traditionally contain less expensive units. They are also more likely to be rentals, though they can also be sold as condominiums. Because one multi-family building permit will provide units for several families, while one single-family permit will only provide one unit, multi-family housing starts are displayed by the number of units in order to better make comparisons.

Multi-family remained relatively strong throughout the recession. In fact, Sioux City built about 1 multi-family for every 2 single family units on average, a ratio higher than the tenure mix of the City (1 to 3). This indicates a higher demand for multi-family housing, though single family homes still appear to be the preferred housing choice.

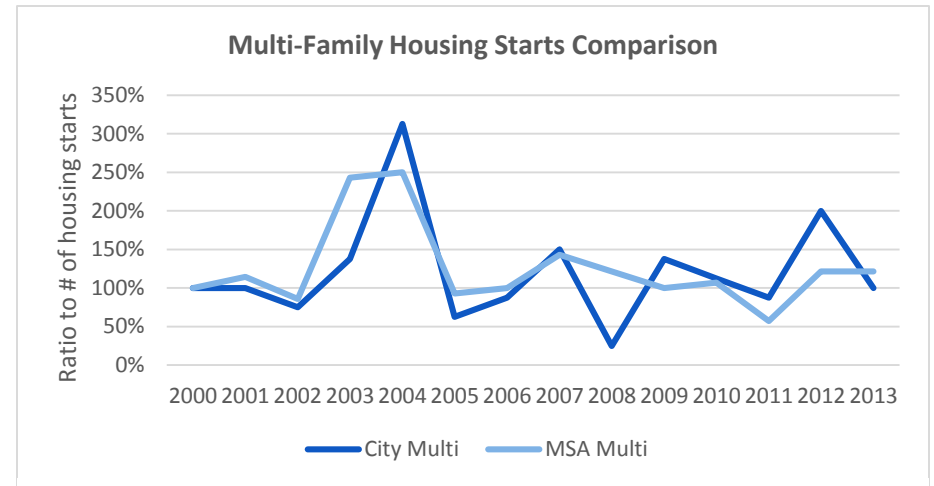


Figure 7 Multifamily Housing Starts of Sioux City and MSA, Building Permit Survey

When comparing the multi-family building permits issued with single family units from 2000 to 2013. The average annual number of units permitted for new multi-family construction was 28 between 2000 and 2013, while the average number of single-family permits was approximately 61 over that same period. Generally, Sioux City has a lower demand for multi-family units compared to single-family at a rate of 46 multi-family units per 100 single-family units. However, this ratio is higher than is currently found city of 36 multi-family units for every 100 single family units. This could indicate increased demand for multi-family housing.

Trends in number of units for multi-family starts in the city and MSA show similarities between markets. Setting 2000 as a base year, multi-family housing starts in terms of units spiked in 2003 and 2004 for both the city and metro, then fluctuated around 2000 levels throughout the recession. There is a slight pattern of decline for the metro from 2007 to 2011, but for the most part, data suggests that the demand for multi-family units stayed constant through the recession, even as single-family starts drastically declined. Housing starts for both single-family and multi-family are now approximately equal to where they were in 2000.

## HOME VALUES, GROSS RENTS, AND AFFORDABILITY

Home values and gross rents also reflect the demand for housing with higher median sales prices and rents reflecting stronger markets. However, housing markets represent much more than just the characteristics of the housing itself. It also can serve as a proxy for neighborhood characteristics, crime, and deterioration, among other things. As such, the cost of housing can speak directly to demand in neighborhood housing markets.

Affordability is another important factor in housing markets because it indicates how well the market is matching household needs. This section will include housing cost-burden, foreclosure rates, and other affordability measurements to identify whether affordability is an issue in Sioux City. Input gathered from stakeholders expressed a perception of an affordable Sioux City ownership market, as well as concerns regarding unaffordability of rentals.

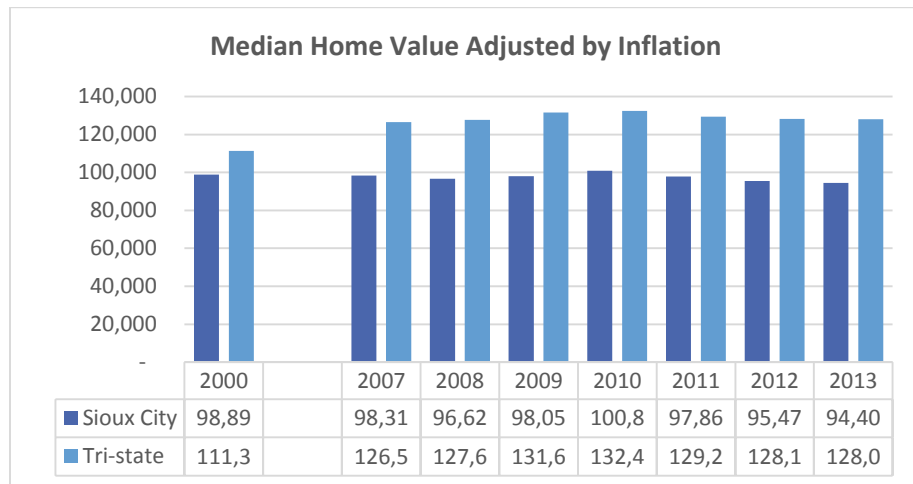


Figure 8 Median Home Value Adjusted by Inflation, Sioux City and Tri-State, ACS 3-Year Estimate

Median home values in Sioux City are generally lower than in the MSA and tristate region. The lower home value is reflective of lower incomes and older, smaller

homes. The change in home values over time indicate that the market has generally been stagnant in Sioux City from 2007 to 2013 when adjusting for inflation. However, inflation-adjusted median incomes have decreased over the same period which can lead to issues of affordability.

### HOME VALUES

- **Median Home Price: \$119,000**
- Decent Housing Market,
- Overall affordable

### GROSS RENT

- **Median Gross Rent: \$639**
- Strong Rental Market
- **Half** of renters are housing cost-burdened

Neighborhoods with lower home values also tend to be those that are older and that have more deteriorated parcels; In fact, median home value shows a negative correlation with deterioration (-0.22). That is, the lower the home value, the more deteriorated housing there tends to be. As such, lower home values are found around Midtown in the near Northside and near Westside and higher values are found in Northside and Morningside.

Overall, homeownership is affordable. Housing cost-burden occurs when a household is using more than 30% of its income toward housing. Generally, higher proportions of households experiencing cost-burden indicates problems with affordability that should be addressed. In 2013, 18% of homeowner households were cost-burdened, similar to the tristate. This is higher than it was in 2000, though cost-burden declined since 2007. One explanation for these trends relates to the recession and housing bubble, which began in 2006-2007. Since then, the housing market appears to be gradually been returning to pre-recession levels.



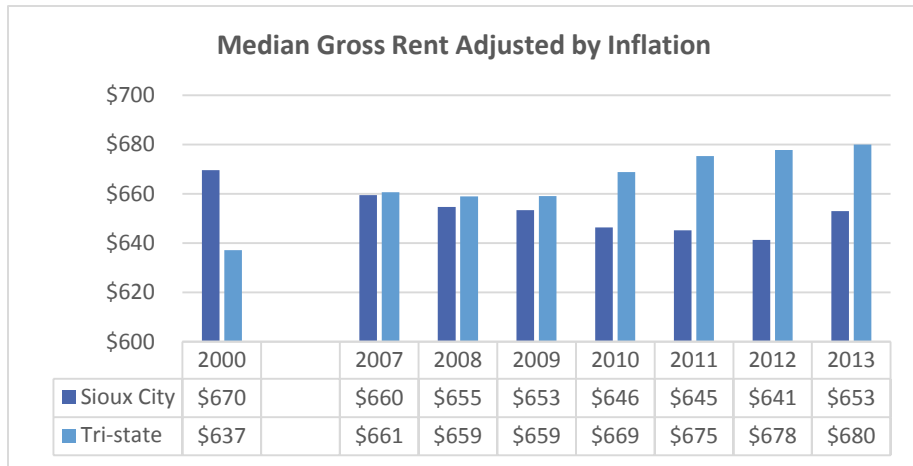
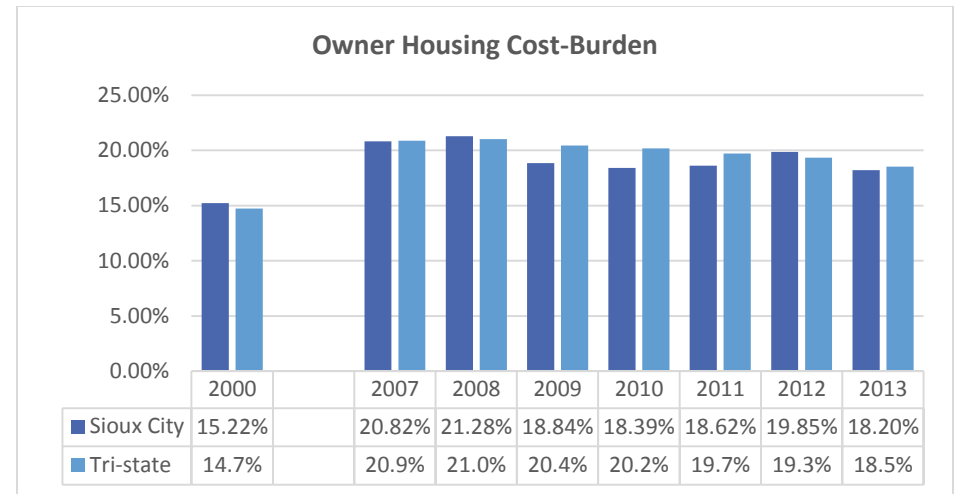


Figure 9 Owner Housing Cost-Burden, Sioux City and Tri-State, ACS 3-Year Estimate

The Federal Deposit Insurance Corporation’s Housing Affordability Index, another measure of housing affordability, reinforces the affordability of owning in Sioux City. A value of 100 on the Housing Affordability Index means that a household earning the median income can perfectly afford the traditional mortgage payment of a median-priced home.<sup>2</sup> Sioux City's Housing Affordability Index is 154.6 meaning that a median income family can easily afford to purchase a median-priced home. Compared to the average national score of 117, this suggests the home sales market in Sioux City is affordable.

Meanwhile, median gross rent is similar to that found in the tristate and it has nearly doubled since 2000. This indicates a stronger rental market which has led to affordability issues.



The gross rent is the cost of rent plus monthly utilities costs. Although higher median gross rents may lead to issues of affordability, it also implies a healthier rental market because the owner of the rentals may be more able and likely to maintain rental properties. The fact that higher gross rents are negatively correlated with deterioration reflects this, though the correlation is weaker than that in the owner market (-0.077).

<sup>2</sup> The calculation assumes a mortgage loan with a 30-year maturity and a down payment of 20 percent. It also assumes that the monthly principal and interest payments do not exceed 25 percent of the median family income.

Median inflation-adjusted gross rent in Sioux City was \$639 in 2013 and \$666 in the tristate region. Trends for Sioux City's median gross rent are similar to the tristate region between 2007 and 2013, though smaller than the tristate. The fact that median gross rent is increasing indicates a stronger rental housing market, but it also has led to issues of affordability. Almost half of renters in Sioux City were cost-burdened in 2013, compared to 40% in the tristate region. Before 2008, the percentage of residents in Sioux City that were experiencing housing cost-burden was lower than in the tristate region, but it rose after 2008, even as it decreased for the tristate region in 2009. The expensive rental market reflects concerns found during public input, and though it is not the primary area of study, it is important to keep in mind throughout the policy creation process. More expensive areas for renting are scattered throughout the city.

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## VACANCY

Vacancy rates also supplement this picture of Sioux City's housing demand. Sioux City's vacancy rate is 6%, lower than the tristate's, and close to 5%, the number widely considered to indicate a healthy rate of vacancy that allows market turnover without negatively impacting surrounding properties. Sioux City's vacancy rate for its owner-occupied properties also shows that its housing market is tighter than the tristate region, though its low home values make it unlikely lower vacancies are due to lack of available units.<sup>3</sup>

Ownership market vacancies are considerably lower (2%) than the total vacancy and are slightly lower than the tristate's. This signals a potentially tight sales market, though supply has not appeared to inflate prices as may be expected if demand is outstripping supply. Meanwhile, the Sioux City rental vacancy rate

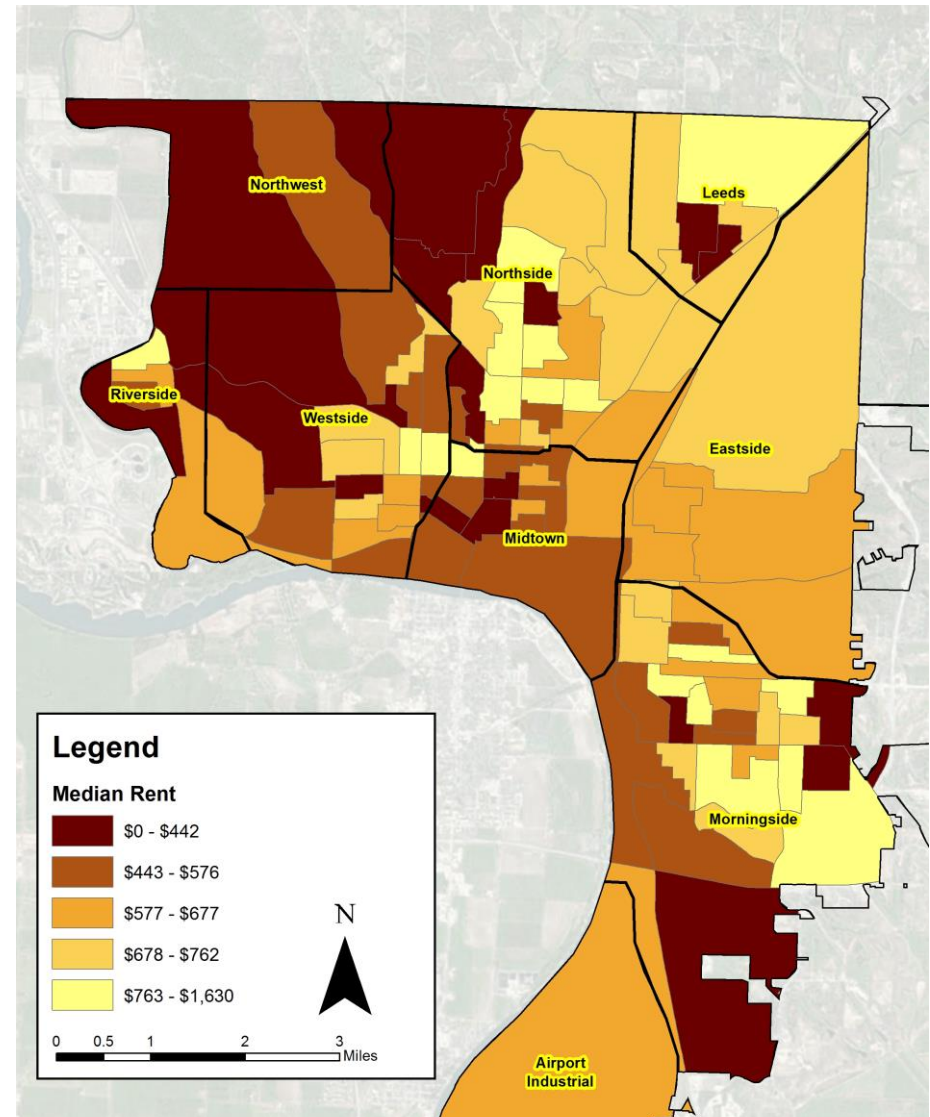


Figure 11 Median Gross Rent by Block Group, Sioux City, 2012 5-Year ACS

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<sup>3</sup> Two sources are used for vacancy data. The first is the 2012 5-Year ACS, and the second is vacancy data from the United States Postal Service.

stayed relatively constant from 2000 to 2010, despite the national vacancy rate growing and rents increasing. While owner vacancy rates are currently lower than those for renters, the renter's vacancy is decreasing, signaling a tightening rental market.

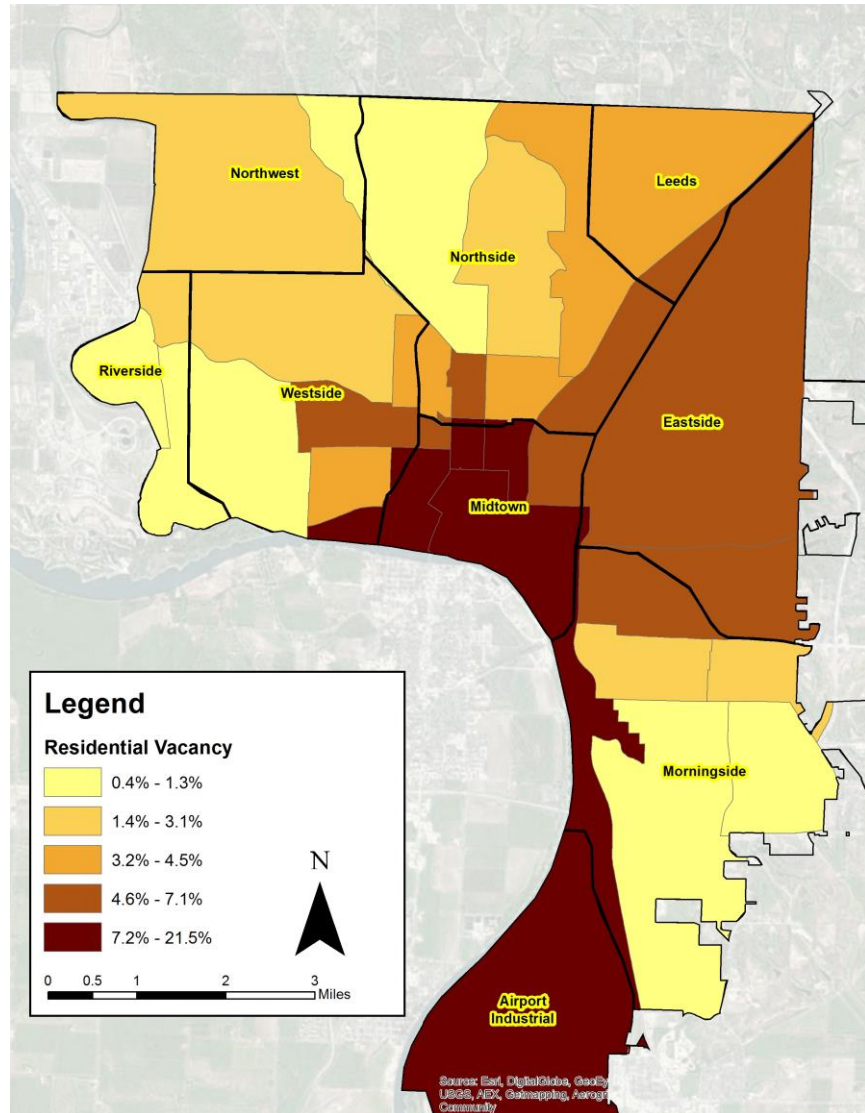


Figure 12 Residential Vacancy by Census Tract, Sioux City, and USPS Data

In addition, recent United States Postal Service data suggests that houses have been sitting on the market longer. In 2010, a property sat vacant for an average of 905 day, but this number increased to 1322 days by 2014, a 46% increase. Spatially, residential vacancies seem to be concentrated in Midtown and the Airport Industrial area. Most of these vacancies occur in Midtown (the tracts for southeast Midtown and Airport Industrial were joined in 2010, and the Airport contains few homes). These parts of town have vacancy rates as high as 21.5%, numbers high enough to signal a failing housing market, or at least high enough to begin negatively affecting surrounding property values.

Other parts of the city exhibit signs of a tighter housing such as Morningside, Riverside, and parts of far Northside (rates below 2%). These areas tend to have more single family units. All tracts adjacent to Sioux City also have residential vacancy rates below 2%.

Many vacancies are caused by foreclosure. Foreclosures occur when property owners fall behind on mortgage payments past the point deemed acceptable by the mortgage lender. The foreclosure rate is the ratio of foreclosures to mortgage loans and can reflect the affordability of a housing market. Generally, higher foreclosure rates indicate issues with the affordability or sudden losses of income.

The foreclosure rate in Sioux City is 2.4%, which is double the rate of the tristate but similar to the U.S. Foreclosure sales tend to be located in Midtown. However, the relatively low foreclosure rate reinforces the fact that affordability of owner-occupied housing in Sioux City is not of primary concern.

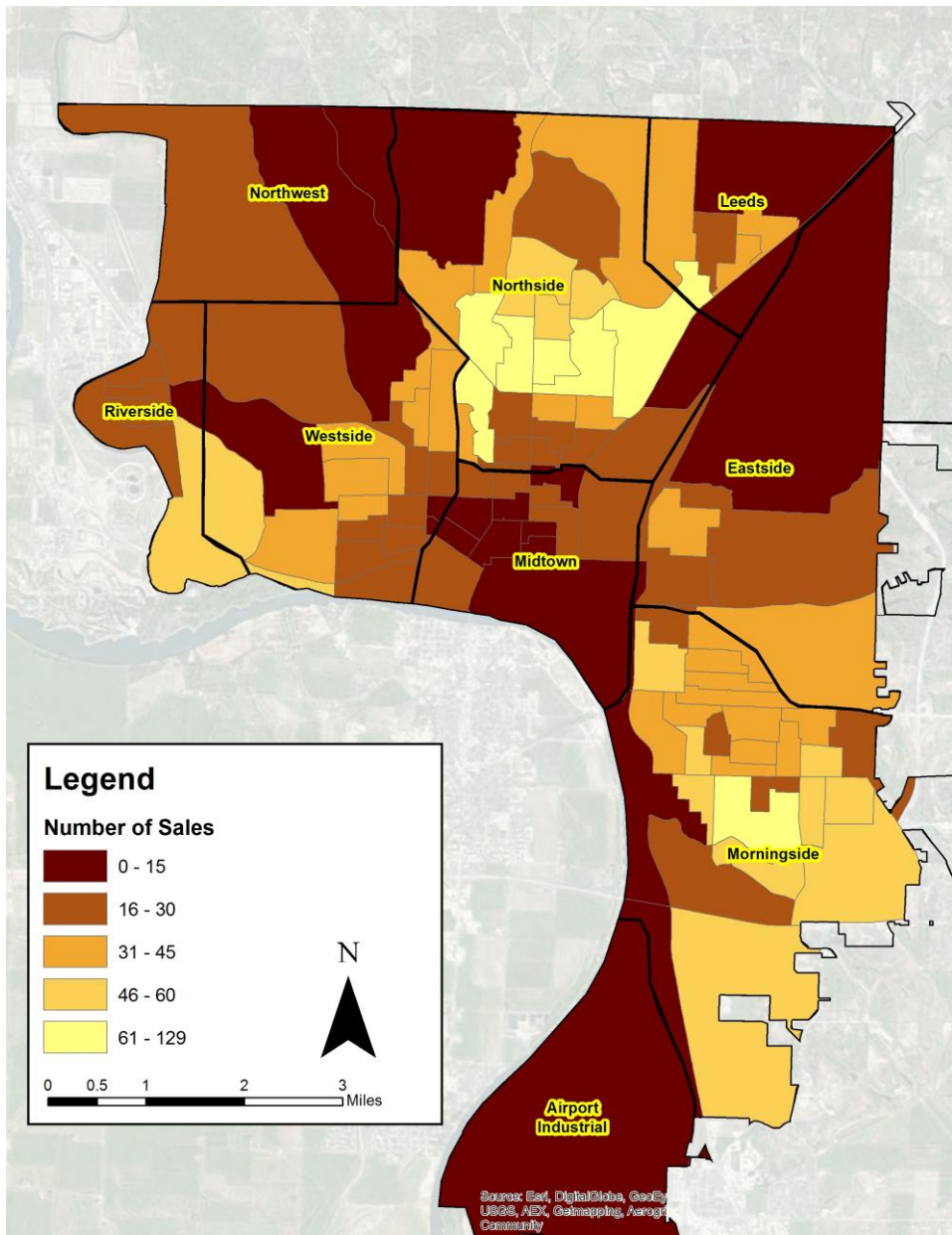


Figure 14 Foreclosure Sales by Block Group, Sioux City, Woodbury County Parcel Data

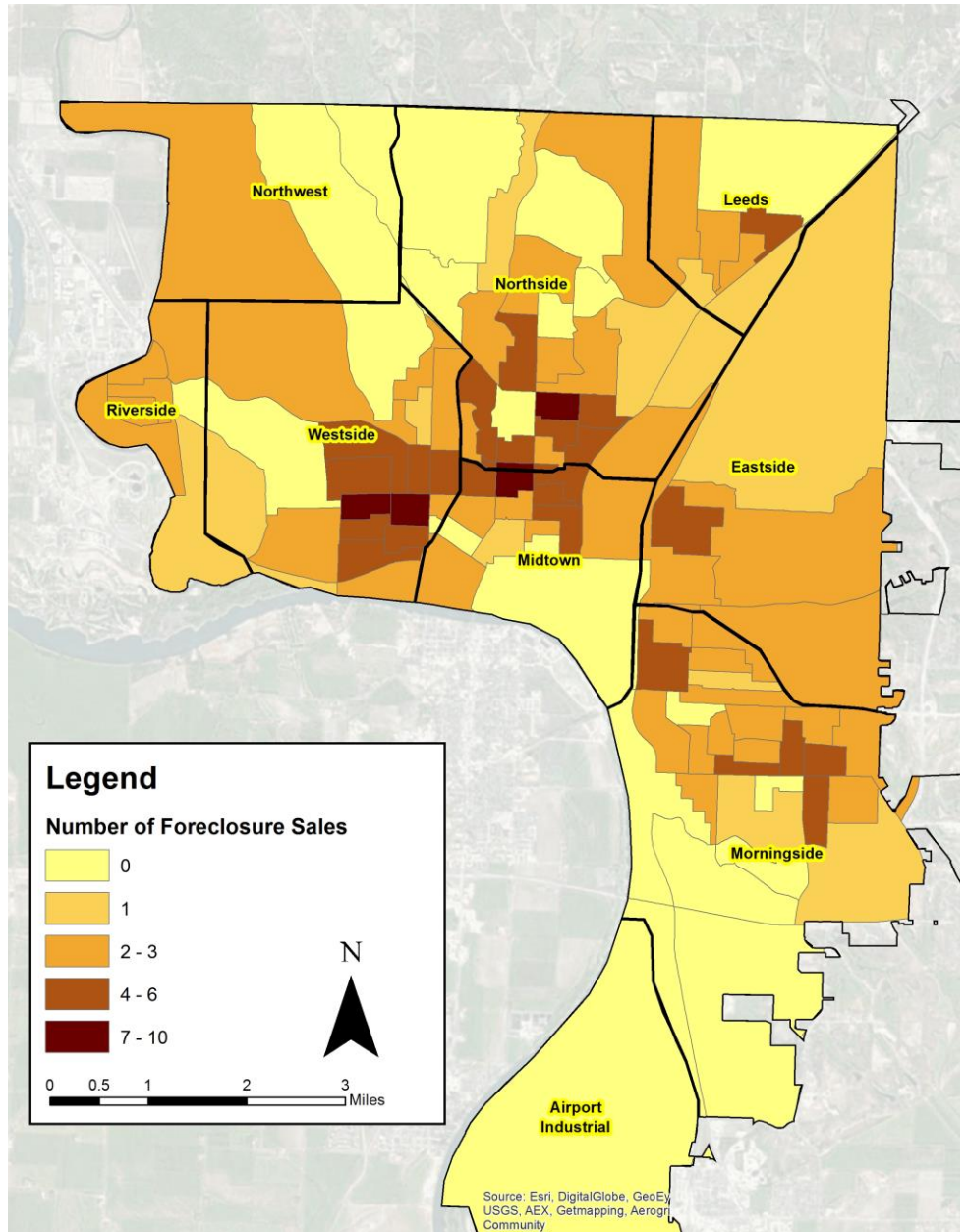


Figure 13 Number of Sales by Block Group, Sioux City, Woodbury County Parcel Data

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## SALES

Sioux City had nearly 3,000 normal residential sales since 2010, with modest homes being the norm. Most homes that sold tended to be newer than the City's average age by more than a decade, and homes that sold were also in better shape than the rest of the market (only 1.9% sales were deteriorated). Northside, Morningside, and Far Westside had the most normal sales, and Midtown, Near Westside, and in Eastside had the least normal sales. This indicates weaker markets in areas near downtown which reflects the lessened demand in these areas for homes in these neighborhood. However, the presence of sales is encouraging and it suggests that this market could be improved to better match the needs of Sioux City's citizens.

### RESIDENTIAL SALES SINCE 2010

Average  
Price:  
**\$105,655**  
Per sqft  
**\$82.14**

Median year  
built:  
**1950**

Median  
Home:  
**1,193 sqft**  
**3 Bedrooms**  
**1.5**  
bathrooms

Average Lot  
Size:  
**0.17 acres**

GOAL 1: IMPROVE THE HOUSING STOCK

ACTION 1A: MODIFY SINGLE FAMILY OWNER-OCCUPIED HOUSING REHABILITATION AND RENTAL REHABILITATION PROGRAM

*Case Study: Rental Rehabilitation Program in Knoxville, TN*

The Rental Rehabilitation Program in Knoxville Tennessee is a Deferred Payment Loan with is a maximum of \$20,000 per unit. The loan is forgiven after 5-20 years depending on the loan agreement. The City and the landlord discuss the project and come to an agreement on the loan terms which also includes rent and occupancy restrictions as well as guidelines for tenant relocation if that is necessary during the rehabilitation work.

This program was initially started 23 years ago and ran for about 15-16 years at which time the City needed to re-allocate the program's funding for other purposes due to regulatory changes in HOME. Becky Wade, Director of the Community Development Department, and Janna Cecil, Housing Finance Supervisor, stated that the program was very successful and had lots of participation, especially from smaller landlords. The program was recently brought back in 2013. Since that time, they have completed three properties with several in progress. They stated that it was brought back because the City saw a change in the demand for housing away from owner-occupied housing to rental housing. They stated that

since the program has started again, they have noticed changes within the blocks where rehabilitation occurs, stating that there has been a 'ripple' effect in which nearby properties start to do simple things to maintain their properties better. Additionally, a common use of these funds has been to rehabilitate vacant structures to get them up to code and used them as a rental unit. They also stated that the tenant requirements have helped to ensure that tenants are not displaced, and that the City meets the new regulatory standards from HUD with the use of HOME funds.

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ACTION 1B: USE THE URBAN REVITALIZATION TAX ABATEMENT FOR REHABILITATION IN DISTRESSED AREAS

*Case Study Davenport, Iowa: Tiered Tax Abatement<sup>4</sup>*

The table below is an example of the City of Davenport's use of the Urban Renewal Tax Abatement. It shows how different areas and different uses benefit in different ways which allows them to prioritize locations and uses.

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<http://www.cityofdavenportiowa.com/eGov/apps/services/index.egov?view=detail:id=539>

Figure 15 Exemption of Tier System in Davenport

Exemption Schedule	Use	Area	Amount eligible for exemption	How much of improvement's value is exempted?
1	Residential Only	North and Central	Up to \$20,000	115% for 10 years
2	Residential, Commercial & Industrial	North and Central	No limit	1st yr- 80% 2nd yr- 70% 3rd yr- 60% 4th yr- 50% 5th & 6th yr- 40% 7th & 8th yr- 30% 9th & 10th yr- 20%
3	Residential, Commercial & Industrial	North and Central	No limit	100% for 3 years
4	Commercial Residential, with 3+ units & with 75% of space for residential	North and Central	No limit	100% for 10 years
5	Residential	North and Central	Up to \$75,000	100% for 5 years
6	Abandoned Residential	North and Central	No limit	1st yr- 80% 2nd yr- 75% 3rd yr- 70% 4th yr- 65% 5th yr- 60% 6th yr- 55% 7th yr- 50% 8th yr- 45% 9th yr- 40% 10th yr- 35% 11th yr- 35% 12th yr- 25% 13th yr- 20% 14th yr- 20% 15th yr- 20%
7	Abandoned Residential	North and Central	No limit	100% for 5 years
8	Commercial and Industrial	Davenport 2013	No limit	100% for 3 years
9	Commercial & Industrial	Davenport 2013	No limit	1st yr- 100% 2nd yr- 80% 3rd yr- 50% 4th yr- 50% 5th yr- 50%
10	Residential	Davenport 2013	Up to \$75,000	100% for 3 years

## GOAL 2: FACILITATE COMMUNICATION

### ACTION 2A: CREATE A NEIGHBORHOOD REINVESTMENT TASK FORCE

*Case Study: Public Private Taskforce in La Crosse, Wisconsin*

La Crosse is a city of 51,522 located along the Mississippi River in Wisconsin on the border of Minnesota. La Crosse also faced issues with housing deterioration caused by the loss of middle-to-upper class residents, an old housing stock, increasing need for municipal services, and the perception of increasing crime. A report composed by the Department of Community Development from the La Crosse County UW-extension detailed these issues and their negative impacts on the City's property tax income. In response, City and County Officials developed a public / private Housing Taskforce composed of developers, real estate professionals, non-profit housing and financial institutions, property managers, bankers, and the local business community.

Action Steps: The Housing Taskforce release the plan, "La Crosse Housing: A Plan to Reinvest in the City's Housing Market" in 2012, which identified reinvestment strategies with four major goals:

1. Increase funding for enforcing City codes;
2. Coordinate economic development efforts between the City and County governments, non-profits, and private entities;
3. Make better use of and improve current City infrastructure and natural amenities;
4. Develop action plans for the individual neighborhoods most affected by neighborhood deterioration and disinvestment.

The Neighborhood Revitalization Commission is an official City body charged with the implementing the plan with continued collaboration with stakeholders. The Commission has eleven members representing each neighborhood and additional at-large members appointed by the City Council to two-year terms.

Caroline Nielsen, Community Development Administrator for the City of La Crosse, noted that the community is currently working towards many of the goals listed in the plan, by adding four community police officers to the staff and founding the Neighborhood Revitalization Commission. In addition, the City has prioritized capital expenditures within neighborhoods.

Karl Green, a Community Natural Resource and Economic Development Agent with the La Crosse County- UW extension, stated that the most important thing the Taskforce accomplished was starting a conversation that got all stakeholders on the same page. While not a direct recommendation from the Taskforce, another result of the conversation was the start of the Local Lending Consortium local banks in the City. It currently contains six banks that have each committed one million dollars to hold loans in house. This is important because there are restrictions on debt to equity ratios for banks to sell loans on the secondary market which can be problematic for dilapidated homes. By holding the loan in house, they are no longer required to meet those requirements. In addition, the City formed a corporation with two major hospitals that invests in the neighborhoods where the hospitals are located to create a Live Near Your Work grant.

By bringing groups together and coordinating their actions, they are making progress towards addresses issues of disinvestment. They realized early that the City needed to form partnerships and work with other groups to meaningfully reinvest in deteriorated areas.

*Case Study: Neighborhood Revitalization Program and the Neighborhood Finance Corporation in Des Moines, Iowa*

Des Moines lost population to surrounding municipalities in the 80's and early 90's which contributed to the deterioration of their housing stock, especially in the central city. To combat these issues, the Neighborhood Revitalization Program was created in 1990 through a partnership between the City of Des Moines and Polk County to revitalize Des Moines neighborhoods. The downtown business community was incredibly supportive because they realized that deterioration around the downtown was detrimental to downtown businesses. This was during a time when incomes and home values were declining and homes near the urban core were often vacant, boarded up, or demolished.

The program's purpose is to regularly evaluate neighborhood conditions. Distressed neighborhoods are designated by the Neighborhood Revitalization Board which allows residents in recognized neighborhoods to submit an application to the Neighborhood Finance Corporation (NFC) for housing funds. The NFC provides a variety of loans, some of which are forgivable, for home purchase, home improvement, and new construction. The forgivable loans are entirely from the City and County, which annually allocates \$1 million and \$800,000 respectively to the NFC, and the loans come entirely from the NFC. If a plan is approved, it becomes part of the Comprehensive Plan, and its goals are evaluated every 3 to 7 years to assess if they have been met. If the neighborhood plan met its goals, then the neighborhood receives charter status which means that City Staff will no longer be actively involved in that neighborhood.



This program has been successful in its 25 years with home values in the central city increasing, even during the recession and the foreclosure crisis. In total the NFC invested more than \$288 million dollars in the community which has helped a total of 5,351 households.

*Case Study Cleveland, OH: Cleveland Code Enforcement Partnership<sup>5</sup>:*

Cleveland, a city of approximately 390,113 on Lake Michigan in Ohio has seen the number of vacant properties increase dramatically over the past four years. Foreclosures quadrupled, which led to widespread abandonment and blight in a city already dealing with the problem from long-term economic loss.

In 2008, Cleveland identified 8,009 blighted, vacant residential structures as public nuisances, though lost tax revenue from foreclosures and abandonment meant that the government did not have adequate resources to respond to the issue. Because of budget constraints, Building and Housing reduced staff which led the City to look to 19 non-profits that already had code enforcement programs and staff. The City's inspections department referred any "routine" complaint to these organizations such as field surveys, abandoned property identification, complaint management and preparation for housing court appearances. As such, they also became the first point of contact regarding code violations and the appropriate steps to fix them. By using the mutual strengths of each

partner – the City's ability to enforce codes and assist the nonprofit and the nonprofits' abilities and expertise to assist residents through its grounding within the community. This partnership is a model that is nationally recognized for solving these types of issues.

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**ACTION 2B: INCREASE PUBLIC OUTREACH**

*Case Study: The Story of Engage Lake Isabella<sup>6</sup>*

Lake Isabella is a Village with a population of 1,681 and is located in central Michigan. The Village was in the process of writing a new Master Plan for the City and was looking to hold a public meeting, but the city struggles with attendance. This is because the Village has a unique feature in which a lake runs through the middle of it, meaning that there is no centralized meeting place. Because the Village Manager recognized that meetings were never well attended, he sought other ways to get public input. They then found MindMixer, an online service for Civic entities and gathering public input online. The Village Manager stated that when they used this method for public input, they saw wide success in which people not only commented but felt they had a real stake in the new master plan for the Village. In 2013 Lake Isabella received an award for Excellence in a Small Town form the American Planning Association.

*Case Study: The ICgovXpress Application for Smart phones in Iowa City<sup>7</sup>*

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<sup>5</sup> <http://www.leanfirm.com/images/CodeEnforcement.pdf>

<sup>6</sup> <http://mindmixer.com/2012/12/when-small-towns-think-big/>

<sup>7</sup> <http://www.icgov.org/?id=2253>

ICgovXpress is an application for smartphones users that has allows citizens to quickly and easily report violations, request services, or ask questions in Iowa City. The City of Iowa City invested \$5,000 in the development of this application, which is free for smartphones users to download, to streamline and increase communication between citizens and the City. In effect, the app helps citizens become “inspectors” within their neighborhoods which helps the City stay better informed. This also provides the City with an easy way to keep track of complaints and calls to the City.

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#### ACTION 2C: CREATE A SINGLE POINT OF CONTACT FOR HOUSING PROGRAMS

*Case Study: Housing Rehabilitation Specialist in Lincoln, NE*

The Housing Rehabilitation Specialist position in Lincoln, Nebraska is a responsible for the delivery of housing programs administered by the Urban Development Department. The work involves

- 1) Performing field and office work in the evaluation of dwelling units
- 2) Counseling home owners on program requirements, rehabilitation planning management, and qualifying for public or private financial assistance
- 3) Assisting homeowners with suggestions for improving structures to meet rehabilitation standards,
- 4) Considering the needs, desires and financial capability of the home owner, including working closely with building contractors,

real estate agencies, lending institutions and other public and private agencies.

Other cities which have a position similar to this one include Eau Claire, WI and Cleveland, OH.

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#### ACTION 2D: CREATE A VACANT AND ABANDONED HOME REGISTRY AND ACQUISITION PROGRAM

*Case Study Jackson, Michigan: Starting a Vacant Property Registry*

Jackson is a small city of 33,423 people located in South Central Michigan. The City was struggling with blight and vacant properties. The City of Jackson completed a comprehensive housing study and found that the vacant properties were a drain on city resources and decreased property values, and so to address this issue they created a vacant property registry. Like many cities, Jackson also has a tight budget with which to deal with these issues.

The City decided to get creative about how they would create a list of vacant properties. First, the City looked at water usage and made a list of all the properties with low usage rates which amounted to 657 properties. Then to ensure that the properties were in fact vacant, the City inspected these properties based on a set of criteria developed by City Staff. A number of city departments including, planning and zoning, the historic preservation commission, legal, water and housing participated in inspecting all of the properties within two months. They found that 462 of these properties were in fact vacant. The former Mayor Dunigan stated that the Inspectors were dedicated and went out seven days per week to complete all inspections.

### *Case Study Dayton, Ohio: Lot Links*

The purpose of the Lot Links program is for the redevelopment or other use of abandoned tax delinquent in which the City acquires the property. There is an application fee of \$500 and the applicant must have a redevelopment plan for the vacant property in addition to proof of ability to support the plan financially. The City then ensures that the property is in fact vacant and works with the County to acquire the property and remove tax liens and fines associated with the property. Upon completion, the property is turned over to the applicant for redevelopment. The average amount of time this takes to process is two years.

### GOAL 3: INCREASE STAFF CAPACITY

#### ACTION 3B: USE INTERNSHIPS WITH THE PLANNING DEPARTMENT

### *Case Study Rochester, New York: Paid and Unpaid internships<sup>8</sup>*

The City of Rochester New York offers a wide variety of internship opportunities that are both paid and unpaid. In some cases the intern may work in exchange for college credit through an agreement between the City and the local schools. The City offers a variety of internship opportunities that are beneficial to City operations while providing meaningful experience to students in the area. There are nine categories of internship opportunities available within the city:

1. **Government, Politics, and Public Service:** professional work setting and municipal government and could include tasks related to budget management, special project support and law.
2. **Communications:** journalism, television and radio production, graphic design, website administration, photography and media relations. The Bureau also administers the City's Freedom of Information (FOIL) function where interns can gain experience in government, records access and law
3. **Department of Human Resource Management:** Civil Service Administration, Staffing and Recruitment, Benefits Management, Labor Relations and Training & Safety. The internship is designed to provide hands-on experience in public sector human resource management. The Intern will work with the City of Rochester's Human Resources Team to develop key initiatives and be part of meaningful projects that contribute to the success of the City of Rochester. Responsibilities may include general administrative and/or research functions
4. **Information Technology:** information systems, graphic information systems, business process reengineering and server and client support. Responsibilities may include assisting in identifying analysis of IT workflow processes, in identifying automotive opportunities in an IT environment and in gathering, tracking, and reporting information.
5. **Environmental Services:** Responsibilities may include helping provide a safe, clean and attractive community through efficient planning and design
6. **Neighborhood and Business Development:** performing research, business analysis, business mailings, and administrative and data entry tasks. Individuals should have a desire to assist in business growth and development.

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<sup>8</sup> <http://www.cityofrochester.gov/internships/>

7. **Rochester Police Department:** Interns are assigned to specific units or officers, where they become part of a team, and may be assigned clerical work to assist the officer and/or staff.
8. **Office of Public Integrity:** field audit work, evaluation of internal controls, post-audit analysis and report writing, vendor background screenings, and providing analytical support to investigations. Individuals should have an interest in forensic accounting, enterprise risk management and database research
9. **Department of Recreation and Youth Services:** recreation, recreation management, positive youth development and youth work, community planning and special events, and communications.

#### GOAL 4: EMPOWER THE COMMUNITY

##### ACTION 4B: CREATE AND ADMINISTER NEIGHBORHOOD IMPROVEMENT FUNDS

###### *Case Study Iowa City, Iowa: Program for Improving Neighborhoods (PIN)*

The Program for Improving Neighborhoods (PIN) Grant provides funding up to \$5,000 for City-recognized neighborhood associations for neighborhood projects. The purpose of the PIN grant is to provide resources for neighborhoods to address an inadequacy within their neighborhood. The project can be virtually anything so long as it benefits the neighborhood. After a neighborhood applies for a PIN grant, City Staff

look over the application and make a recommendation, and with approval from the Neighborhood Council, the recommendation will then go to the Iowa City's City Council which officially allocates the funds. The PIN grant process is evaluated by City Staff and the Neighborhood Council on an annual basis to determine if the program is working effectively. Currently, the Iowa City's City Council allocates \$15,000 annually for the PIN program.

A recent project that has fostered neighborhood collaboration and improvement occurred in a local neighborhood in Iowa City. The neighborhood association has been long recognized by the City but activity within the neighborhood had been minimal for quite a while. Last year, the neighborhood became more active again and rallied around making park improvements to a small park in their neighborhood. They applied for the PIN grant which was awarded. In addition, the neighborhood has been fundraising by asking for donations from local businesses. The park improvements to be made were designed by a local architect and they are currently working with the City Parks and Recreation Department to implement their plans for the park.