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November 18, 2008

The Honorable Chet Culver, Governor
State Capitol
Des Moines, IA 50319

SENT EMAIL; HARD COPY TO FOLLOW

Dear Governor Culver:

Re: Request to Amend Current IDED Interpretation Concerning CDBG funding

You more than anyone understand the challenges Iowa City and other disaster-affected Iowa communities have faced in 2008. We appreciate the support and leadership you have shown throughout, from the first warnings of high water to the present struggles to recover. You have made it a high priority to quickly get assistance to those who have been affected by the flood, and we greatly appreciate your efforts.

I am contacting you now because, in addition to the inherent challenges in recovering from this disaster, we are also facing specific regulatory obstacles that are preventing us from getting assistance quickly to those who are struggling to restore their homes. Especially with the onset of winter weather, residents who own damaged homes are eager to get them buttoned up to survive the cold weather.

Specifically, we are experiencing difficulties with the Supplemental Community Development Block Grant (CDBG) program that is being administered by the Iowa Department of Economic Development (IDED). We have recently met with staff from this department to discuss our concerns. We appreciate the cooperation and assistance of the IDED, but have come to realize there is an upper limit on their ability to adapt regulations to these extraordinary times. Therefore, I wanted to make sure that these vital concerns were brought to your attention, and to seek your assistance in amending the current interpretation of funding regulations.

IDED is currently mandating that all units repaired or rehabilitated must meet all applicable property standards upon completion, with a maximum per unit subsidy of $60,000. While we agree that all building codes and property standards should be met, we are unable to accomplish this within the current funding constraints. This is especially true for homes built before 1978 in which lead-based paint abatement would apply. In Iowa City, the value of most building permits for flood-impacted homes is clustered in the $45,000 to $80,000 range. If lead abatement applies, these costs will be much higher. Additionally, there are no certified lead abatement contractors in Johnson County.

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In contrast, the State-funded Jumpstart program administered by Iowa Finance Authority (IFA) gives us the flexibility to locally determine what work we want to focus on and does not hold us accountable to bring the entire home up to minimum housing standards. Our City Council has decided to focus these funds on ensuring that the homes' basic systems—building shell, insulation, electrical, plumbing and heating—are repaired and up to standards. This enables us to assist a greater number of homeowners and act much more quickly in order to prevent winter temperatures from further damaging these properties. It is understood that this will not guarantee that all homeowners will be able to immediately move back into their homes, but it does allow us to ensure that we are helping the greatest number of homeowners possible with the most costly and critical necessary repairs.

If we have the flexibility to classify projects as emergencies with Federal funds, as we do with State Jumpstart funds, we would be exempt from the lead-based paint regulations. The combination of having to ensure all homes meet housing code standards when we are finished, and the additional costs forced on the homeowners to meet lead-based paint regulations, will ultimately prevent most income-eligible homeowners from taking advantage of these funds. We would be forced to walk away from any homeowner who could not secure funding in advance to pay professionals to complete required work which exceeds $60,000. Lead regulations prevent homeowners from working on their own homes if lead-based paint is assumed to be present (as it is in any pre-1978 home) and code requires that licensed professionals complete needed plumbing and electrical work.

By eliminating the requirement to ensure homes meet all comprehensive rehabilitation housing standards and exempting these projects from lead-based paint regulations, we will provide many more homeowners the ability to begin the recovery process and allow them to do some of the repairs themselves or enable them to pay for repairs over time if they are unable to secure financing at the time we assist them. This would also allow us the flexibility to go back and assist homeowners in completing the repairs at a later date if flood repair funding is still available or through our normal Housing Rehabilitation Program. Let me assure you that no homeowner will be granted a certificate of occupancy until the home is inspected and deemed to meet all pertinent safety codes.

To conclude, we would like to be able to use CDBG funds administered by IDED in the same manner as Jumpstart Iowa funds administered by the Iowa Finance Authority and as allowed under the Federal CDBG program. By allowing Iowa City and other entitlement cities to complete only emergency repairs we can get the work done before the winter, bring up to code basic mechanical systems, and not deny homeowners assistance because they are unable to secure enough financing to bring up the entire house to code.

We believe that this approach is a reasonable one that complies with Housing and Urban Development (HUD) guidelines for emergency repair. This approach reflects the urgency of the situation, recognizes that these are not normal times, and would allow many more people to be helped. Specifically, we are asking you to direct IDED to allow the flexibility to limit the scope of work and to allow emergency repairs as outlined in this letter.

The City of Iowa City appreciates your consideration of our appeal in this important matter, which impacts the recovery of all flood-impacted communities in Iowa. Thank you.

Sincerely,

Regenia D. Bailey
Mayor

Emails: Senator Charles Grassley
Senator Tom Harkin
Representative Dave Loebsack
Senator Joe Bolkcom
Senator Bob Dvorsky
Senator James Hahn
Representative Mary Mascher
Representative Dave Jacoby
Representative Vicki Lensing
Representative Jeff Kaufmann
Mike Tramontina, Director, Iowa Dept. of Economic Development
Metro Coalition