

## **HousingIowa Award, Single-Family Housing Development**

### **Washington Neighborhood-Dubuque Bank and Trust Partnership (DB&T)**

The Washington Neighborhood: *Revitalize!* initiative originated in 2005, designed to address concerns in a declining downtown neighborhood. This 60-square block area was characterized by home valuations averaging less than half of city-wide assessed values, a 13% vacancy rate, 68% of the population with income less than 80% of area median and 95% of renter households reporting income less than \$10,000. 70% of all households were renters, with only 47% occupied by related persons. 86% of the residential dwellings were built before 1939, making this the oldest housing stock in the oldest city in Iowa.

Against that backdrop, the *Revitalize!* initiative commenced. Today, more than \$32 million in public and private funds have been reinvested in this neighborhood. A new K-5 elementary charter school was constructed by the Dubuque School District, at a cost exceeding \$9 million. A federally-funded community health center, serving low-income and uninsured persons, was developed in a 100+ year-old former factory building. A public park was built. A community development corporation has been formed. A former music store was converted into a \$1 million multi-cultural family center; both the development corporation and the multi-cultural center have established non-profit boards of directors, including neighborhood residents, to govern their operations.

37 new first-time homeowners have purchased and rehabilitated homes in the Washington Neighborhood, encouraging private investment, stabilization of high transiency rates associated with rental units and reduction of crime. Total reinvestment in these properties is \$1,500,000; an additional \$575,000 has been invested in other homeowner rehabilitation loans. Primary in this effort have been the contributions made by Dubuque Bank and Trust Company, an Iowa state-chartered community bank located in the neighborhood. DB&T, acting through its Community Development Corporation, has purchased eight derelict and abandoned residential properties and held them from purchase by speculators, flippers and unscrupulous landlords. Working with the City of Dubuque and its Housing Trust Fund, the Four Mounds Foundation HEART vocational training program for at-risk youth and the Washington Neighborhood Development Corporation, these homes have all been extensively rehabbed, historically restored and re-sold to income-qualifying first-time homebuyers. Without DB&T's willingness to take the risk in acquiring these properties, these results could not have been achieved. They would either have fallen into further disrepair or been converted to marginal rental properties, furthering the decline in neighborhood property values and social conditions. DB&T's total purchase costs for these properties was \$323 000; the bank received no financial profit on this investment in the future of the Washington Neighborhood.

As part of its initial commitment to the Washington: *Revitalize!* initiative, DB&T pledged a \$1 million loan fund for homeowner purchase and rehab loans in the neighborhood. As of October 2009, that target was reached. As of today, total DB&T mortgage lending

activity now exceeds \$1.3 million. This has been achieved in partnership with the Dubuque Housing Trust Fund, which has committed \$702,000 in IFA Trust Fund grants for Washington Neighborhood homeownership.

DB&T's efforts to assist in affordable housing have extended to Bluff Street, located just outside the Washington Neighborhood. The Step by Step non-profit corporation was formed to purchase a derelict apartment building for conversion to all-accessible units for persons with disabilities. This \$1.3 million project was completed using IFA Trust Fund, HOME, FHLB-AHP and City funds, and historic tax credits. DB&T provided the construction and bridge financing, then purchased both the Iowa and Federal Historic Tax Credits at project completion. A DB&T lending officer served as president of the Step by Step corporate board during this four-year period. Without DB&T's purchase of the tax credits (difficult to sell for a small project) this project could not have been accomplished.

Dubuque Bank and Trust personnel also serve in other housing and community development leadership positions in the community. Their staff currently serve as chairpersons of both the City's Housing Commission, which oversees the Section 8 rental assistance programs and Community Development Commission. Another lending officer chairs the City's Safe Community Committee, which advises the City Council on efforts to address crime and the perception of crime in downtown neighborhoods – principally the Washington Neighborhood.

DB&T has also made significant investments in its own infrastructure in the Washington Neighborhood. An expansion of the Bank headquarters on Central Avenue resulted in a 32,000 square foot addition, at a cost of \$4 million. The former Walsh Building was purchased across the Avenue and converted to offices for Heartland Financial, DB&T's holding company, an \$11 million investment in the neighborhood. Refurbishing this historic building - an iconic former hardware store known to generations of Dubuquers - and constructing a building addition, preserved a landmark and added 60,000 square feet of office space and the ability to create 150 jobs in the downtown.

DB&T's leadership in working to achieve City objectives for revitalization of the Washington Neighborhood has included significant investment of its financial resources, commitment of personnel, and taking risks in decisions to restore the housing stock in this area. The example of this corporate commitment to reinvesting in Dubuque's downtown is incalculable in value, and far-reaching in potential impacts. This partnership is worthy of recognition for an IFA HousingIowa award.