

Objective 3 – Physical Improvements to Housing and Businesses

Improve the housing stock, the rate of home ownership and the business districts of the central neighborhoods through coordinated private and public actions.

Improving the housing stock and the business districts in the neighborhoods around downtown will require a multi-pronged, long-term effort by many organizations and individuals working in coordination. Above all, the profit motive of the private sector will have to be harnessed because the available resources of the public are inadequate for the task.

Residential and business district revitalization are one part of a campaign of community development, the others being jobs and job-readiness, health, and education and training. However, cities such as Eau Claire have a long history of influencing building rehabilitation, district redevelopment, land use and, of course, supportive streets, utilities and parks. Thus, urban physical evolution is the component most suited for the City.

The experience of other cities shows that a campaign of physical renewal will probably be most successful if all the components are addressed. Other entities have expertise in the massive challenges of jobs, health and education, so the City would be wise to enlist them in devising and executing a focused program of neighborhood revitalization. Indeed, efforts have been underway for quite some time in all four of those areas, but coordination has never been formalized.

The organizations needed for the overall task of neighborhood revitalization, sometimes called community development, are:

- Private businesses such as banks, land developers, builders, investor-owners and small business owners
- Individuals, the owners or tenants of residential or business structures
- Government, principally the City, but also state or federal agencies
- Not-for-profit community development organizations such as Western Dairyland
- Institutions such as the university, the technical college and the hospitals
- Charitable foundations, both local and regional.

Central neighborhood housing conditions probably warrant intervention at three levels, including:

1. Market-based responses to the demand for the better housing.
2. Government intervention to serve the lowest strata of the market, which the private sector does not adequately address.
3. A combination of private and public efforts to work between the first two.

Local housing entrepreneurs will sometimes invest in the central neighborhoods when the opportunity appears more promising than the alternatives. However, factors that mitigate against new residential development in these neighborhoods include existing buildings, lack of clear sites, weak demand, competing sites, prevailing rental or sale prices, neighborhood conditions and perceptions, and the resulting mismatch of costs and revenues.

Government help in rent, mortgages, rehabilitation or new construction is inadequate to the need. Federal, state and local funding has diminished since its high-water mark decades ago.

Some cities have witnessed the creation of not-for-profit community-benefit corporations that work on a variety of housing or other community development needs and often receive government or private assistance. There are many varieties of these organizations, as they are always tailored to local circumstances. Three local examples are Habitat for Humanity, the four-county Western Dairyland Community Action Agency, and Downtown Eau Claire, Inc., which have differing but overlapping missions and service territories. Another example is Neighborhood Housing Services, Inc., an organization with affiliates across the nation that works in housing rehabilitation, purchasing and budgeting in neighborhoods that are declining but within the realm of successful private intervention.

Money for public-benefit corporations may come from charges for their services, surplus revenue from their ventures, grants from local or state governments, foundations or individuals, loans or grants from private banks or other corporations, or loans from a community development finance institution (CDFI).

A CDFI may be a community development bank, credit union, loan fund or venture capital fund; a micro-enterprise development loan fund; or a community development corporation. All of those organizations are defined and enabled by the US Department of the Treasury under a 1994 law¹ and funded by the CDFI Fund, which provides money through a variety of programs, or the New Markets Tax Credit Program, which was created to induce equity investments in low-income communities. As an example, Forward Community Investments is a CDFI based in Madison that has funded Western Dairyland, presumably with loans.

Policies

1. Neighborhood Revitalization Intensified Planning Process

Upon adoption of this comprehensive plan, convene several meetings of residents, leaders, decision makers and specialists to plan a strategy for central neighborhood revitalization. Use an independent facilitator with knowledge of the topic to lead the meeting(s). These principles and ideas are suggested as a starting point.

Mission

Plan a way to achieve measurable results that benefit the physical, social and economic fabric of the central neighborhoods with emphasis on housing improvement. In particular, study whether a non-profit neighborhood development corporation should be formed and what its initial charge should be.

Principles

- A profitable private sector can be a powerful tool in neighborhood revitalization
- The work of the private sector should align with community hopes
- The government should do work and serve people that the private sector cannot or will not and should protect the most vulnerable in society
- Public infrastructure, services and spending should leverage private investment
- Public participation will improve the plan and its application.

¹ The Riegle Community Development and Regulatory Improvement Act of 1994.

Participating Representatives

Representatives of the following groups or organizations should be invited to participate in the intensified planning process for neighborhood revitalization. An interim steering committee appointed by the City Council should be formed to set up the meeting(s).

- Neighborhood leaders
- City and County elected or appointed officials
- City management
- Banking, including a Community Development Finance Institution
- Business
- Builders and land developers
- Major local institutions such as hospitals, the University and the School District
- Foundations
- Local community development organizations
- Leaders of neighborhood revitalization corporations from other cities
- Prominent local individuals who are committed to the mission.

Role of the Private Sector

The private housing construction industry will be expected to meet market demands for new housing.

But beyond that, it is hoped that builders and developers will lend their expertise to the proposed community development corporation, include affordable housing in their larger buildings, maintain their buildings to an acceptably high standard and go beyond the minimum necessary in all of their endeavors.

Likewise, it is hoped that the lending industry will help with loans at less than market rate for affordable housing, and, like the builders, participate on the board of directors for the proposed public-private development corporation.

In addition to expertise and good works, it is hoped that private organizations from all industries will also underwrite the community development corporation with donations of money.

Role of the City and County

The public sector is meant to include the City, its Housing Authority and its Redevelopment Authority, Eau Claire County, and the City-County Health Department.

The public sector, particularly the City, should contribute with what it does best:

- Convene, organize, plan, inspire and lead
- Maintain streets, utilities, parks and trails
- Provide police and fire safety services
- Proactively administer the City Code
- Provide public financing, such as scattered-site tax increment financing
- Help ensure that the lowest-income members of the community have decent, safe and affordable housing, either through new construction or rent subsidies

- Tackle the least feasible housing redevelopment projects; clear and re-sell or redevelop the most troublesome buildings; do what the private sector and the proposed community development corporation will not
- Provide housing rehabilitation loans and grants for lower income homeowners to correct Building Code defects
- Prepare and maintain a comprehensive plan, neighborhood plans, zoning regulations, a Building Code and historic preservation incentives
- Receive money from the federal and state governments.

Role of the Not-for-Profit Sector

- Devise a role for itself that bridges the gap between that of the private housing development industry and that of the City
- Engage in selective housing development, redevelopment, rehabilitation and related housing services
- Form a tax-exempt, non-profit corporation led by directors from banking, business, government, institutions, the construction industry, residents, other community-benefit corporations and foundations
- Receive funding from the City, local commercial banks, community development finance institutions, foundations, government and private individuals
- Manage itself and negotiate in business without all of the regulatory restrictions and transparency requirements of government.

Related Services to Be Considered

The range of services for the City and the proposed community development or housing development corporation will be defined during the planning summit and subsequent deliberations. It may be decided that some of these activities are best administered by the City, another public-benefit corporation or an institution such as a college. The range of activities is wide and could include any of these or more:

- Building new housing, including units considered “affordable” or “accessible,” on sites that it buys and prepares or sites obtained from other parties
- Housing rehabilitation loans and counseling
- Counseling for home ownership, mortgage applications, personal finance and foreclosure prevention
- Home ownership down-payment assistance
- Housing maintenance advice and assistance
- Historic preservation
- Building housing designed for students
- Acting as a resource for job training.