



# MainStreetNews

THE MONTHLY JOURNAL of THE NATIONAL TRUST'S NATIONAL MAIN STREET CENTER®

BY JAY C. JUERGENSEN

## *Living Downtown:* PROMOTING AFFORDABLE HOUSING DEVELOPMENT *on* MAIN STREET

Wander down most main streets or neighborhood commercial districts at night and you'll likely see few lights in the second and third-floor windows of many of the buildings. At the turn of the last century, when work and living quarters were co-joined, shopkeepers and restaurateurs usually lived above their stores and eateries.

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8. **Network Notes**

Every business has a billboard! Help the shops on your main street take advantage of free advertising 24/7. Celebrate the return to glory of a historic hotel in Beaumont, Tex., with employees who teamed up with their manufacturing firm to raise funds for its restoration. See how Montrose, Colorado, improved the nighttime glow of its downtown by removing excess street lighting. Take a look at "Stylin' Pillings," a unique outdoor art exhibit in Port Huron, Michigan, and check out some useful web resources for local businesses and housing development.

14. **Housing Update: Main Street/Hope VI Program**

A new federal funding source for affordable housing was signed into law last December. Find out what the Main Street/Hope VI Program will offer and whether your community will be eligible.

16. **National Trust Introduces Insurance for Main Street!**

Finally! Comprehensive insurance tailored for Main Street. In a partnership with insurance agency Maury, Donnelly & Parr, the National Trust is now offering a comprehensive package of coverage for Main Street, including health care, property and business income, special events, and directors and officers, among others. Read all about it!

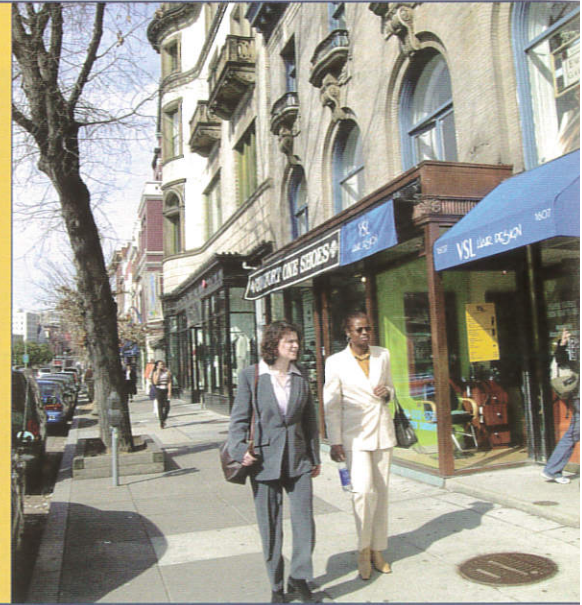


# Living Downtown

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**M**any building owners also had tenants who lived above or adjacent to them, providing inexpensive and conveniently located housing for workers, while making their own housing more affordable.

In the 20th century, the separation between work and living changed to reflect trends in our economy and culture. While downtowns struggled with the retail battle, upper-story housing lost much of its appeal and luster.



Today, it's clear to anyone who has worked on main street that residents generate income for property owners, which in turn encourages upkeep and greater investment. Moreover, simply by being present, residents provide security and activity in the district at night and on weekends, when a commercial area may be quieter and vulnerable. Finally, residents promote retail growth by strengthening the market demand for goods and services (see "Upstairs Downtown," *Main Street News*, March 2002). Over the years, downtown has had to change to meet the needs of the times and the same lesson is applicable today—more residents will help restore economic vitality to main street.

However, helping a property owner develop housing or taking an active role in housing development is frequently outside a Main Street director's area of expertise. Many Main Street managers do not have the experience or knowledge to finance a real estate deal or negotiate the complicated maze necessary to leverage public and private resources and regulations for housing improvements.

## DEMAND FOR MAIN STREET HOUSING



Richard Florida, author of *The Rise of the Creative Class*, and keynote speaker at last year's National Town Meeting on Main Street, describes how healthy urban communities and traditional downtowns are attracting young entrepreneurs in the high-tech professions. Like Jane Jacobs, Florida asserts, "New ideas need old buildings, noting that members of the creative class demand a lifestyle built around creative, rich, multi-dimensional experiences, not conforming to the strict separations of work, home, and leisure." It would appear that mixed-use, historic, pedestrian-friendly urban communities and traditional downtown districts give main street a distinct advantage in this economic development trend.

Beyond Richard Florida, others have indicated a strong and growing demand for housing in our traditional centers of commerce, neighborhood commercial districts, and main streets.

The U.S. Department of Commerce suggests that in the year preceding March 2000, nearly half a million homeowners moved into a central city from an outside location. Representing 8 percent of all movers, this trend has had a positive impact on smaller communities as well.

A recent report by the Congress for New Urbanism indicated that the demand for downtown housing is being driven partly by demographics and partly by the desire to live in diverse, pedestrian-friendly, mixed-use communities.

Research indicates that aging baby boomers are trading in their four-bedroom, suburban homes for smaller housing units. In many instances, retiring boomers are downsizing to two locations—a resort community and a small, vibrant downtown. They are also eliminating one of their cars and choosing—and desiring—to walk to civic and commercial activities. The post-war suburbs cannot easily respond to this demand as they are overwhelmed with low-density, single-family homes and a lack of retail that

is easily accessible by any mode other than the car.

Developers, too, are starting to respond to these renewed opportunities. According to the Urban Land Institute, developers are creating "infill divisions" and "have retooled their business models," as they shift their focus and investment away from the suburbs.

The suburban response to this trend, is traditional neighborhood design (TND) or new urbanist development. Newly constructed on the suburban fringe, these NewTown/Downtown Lifestyle centers mimic main street's form with historic-looking buildings and upscale, high-fashion, national tenants. While most have introduced a mix of commercial and civic uses, many are beginning to incorporate residential uses, another indication of the demand for downtown, or at least downtown-like, housing.

These new trends are a welcome contrast to the economic shift in the second half of the 20th century, which led to widespread disinvestments in urban cities and the suburban sprawl that sprang up



outside every town and undermined the main street's retail and housing market.

Caution, however, is recommended. Actual "downtown" housing is difficult to measure across the nation because of the various ways "downtown" is defined geographically and physically. A joint Fannie Mae and Brookings Institute report published in 2001 stated, "The actual numbers of downtown growth are relatively small. The trend of downtown living is still more of a trickle than a rush."

## MAIN STREET HOUSING IS PERFECT FOR THE WORKING CLASS TOO



To open the spigot on downtown housing, Main Street managers need to broaden the tools and resources available to property owners for investment in upper-story housing. While we all might yearn for the upscale baby boomer and

stereotypical, wealthy loft occupant, some markets will not initially support the attraction of affluent residents. So, in places where a downtown housing market isn't immediately evident, Main Street organizations have to create a market through incentives, typically from public-sector agencies and usually attached to affordable housing goals.

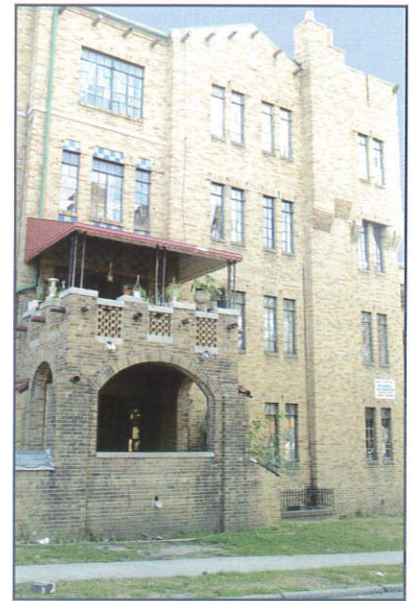
For far too many people, "affordable housing" incorrectly implies low-income housing and transitional housing for the homeless. Without challenging the NIMBYism that might exist in many communities or questioning the need to provide housing for the less fortunate, "affordable housing," actually refers to a much broader sector of the population, including solidly middle-income residents and housing for much of a community's workforce.

Income drives a consumer's ability to make housing choices, and affordability is statutorily determined by income in regulations set forth by the U.S. Department of Housing and Urban Development (HUD). At the county and metropolitan level, HUD

calculates "Area Median Incomes," or simply AMI. Households with up to 60-80 percent of the AMI are eligible to live in developments using affordable housing financing. (See income chart below and sidebar about HUD's HOME Investment Partnership Program on page 12.)

In many communities, these income limitations would include teachers, nurses, police and fire officers, as well as the retail and restaurant workers employed on main street—hardly the poor usually thought of when considering affordable housing. Further demonstrating the point, the income chart below offers a random selection of communities of varying size, including the 2003 Great American Main Street Award (GAMSA) winners, noting incomes generally between \$25,000 and \$50,000 and rents averaging \$500/month.

Affordable housing on main street helps respond to smart growth principles as well. Beyond the obvious re-use of historic properties, providing more housing in a downtown or neighborhood commercial district takes advantage of



Casa del Rey affordable housing apartments, Pontiac, Mich.

existing infrastructure and reduces sprawl. Simultaneously, workers in or near the district avoid added transportation costs, reducing the need for parking and lowering the demand for housing on the fringes of the community.

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| Main Street Community | Population | County                            | 80% of AMI |          |          | Rents      |       |       |
|-----------------------|------------|-----------------------------------|------------|----------|----------|------------|-------|-------|
|                       |            |                                   | 1 person   | 2 person | 3 person | Efficiency | 1 Bed | 2 Bed |
| Elkader, IA           | 1,465      | Clayton                           | \$28,450   | \$32,500 | \$36,600 | 282        | 349   | 437   |
| Rising Sun, IN        | 2,470      | Ohio                              | \$34,350   | \$39,250 | \$44,150 | 322        | 363   | 464   |
| Jaffrey, NH           | 2,802      | Cheshire                          | \$32,700   | \$37,400 | \$42,050 | 485        | 547   | 657   |
| Littleton, NH         | 4,431      | Grafton                           | \$32,700   | \$37,400 | \$42,050 | 431        | 520   | 692   |
| Brush, CO             | 5,117      | Morgan                            | \$28,100   | \$32,150 | \$36,150 | 414        | 429   | 537   |
| Pikeville, KY         | 6,295      | Pike                              | \$21,600   | \$24,700 | \$27,800 | 285        | 325   | 395   |
| Seaford, DE           | 6,699      | Sussex                            | \$28,500   | \$32,600 | \$36,650 | 460        | 489   | 624   |
| Milton, FL            | 7,045      | Santa Rosa                        | \$26,550   | \$30,350 | \$34,150 | 435        | 475   | 540   |
| Independence, KS      | 9,846      | Montgomery                        | \$25,150   | \$28,750 | \$32,350 | 287        | 326   | 418   |
| Manassas, VA          | 10,290     | Prince William/Washington, DC MSA | \$39,950   | \$45,200 | \$50,850 | 969        | 1039  | 1249  |
| El Reno, OK           | 16,212     | Canadian/Oklahoma City MSA        | \$28,600   | \$32,700 | \$36,800 | 412        | 448   | 581   |
| Westmont, IL          | 24,554     | Dupage/Chicago MSA                | \$39,950   | \$45,200 | \$50,850 | 659        | 706   | 848   |
| Wenatchee, WA         | 27,856     | Chelen                            | \$28,750   | \$32,850 | \$36,950 | 564        | 606   | 728   |
| New Iberia, LA        | 32,623     | Iberia                            | \$23,450   | \$26,800 | \$30,150 | 304        | 316   | 393   |
| Rome, GA              | 34,980     | Floyd                             | \$27,450   | \$31,350 | \$35,300 | 298        | 359   | 440   |
| Greenville, SC        | 56,002     | Greenville                        | \$30,750   | \$35,150 | \$39,550 | 417        | 504   | 569   |
| Encinitas, CA         | 58,014     | San Diego                         | \$35,750   | \$40,850 | \$45,950 | 706        | 758   | 977   |
| AVERAGES :            |            |                                   | \$29,997   | \$34,230 | \$38,507 | \$475      | \$523 | \$643 |



# Living Downtown

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Finally, in a stagnant market, financing for affordable housing can act as a catalyst to restore market forces. In 1995, the market-rate rents in the Old Town Main Street district of Lansing, Michigan, equaled the affordable limitations of \$400 to \$500/month, allowing developers to use affordable housing financing to provide market-rate housing. (See Housing in Old Town Lansing sidebar on page 6.) Today, Old Town's rents have risen to twice that for the same size units and rents for upscale units have waiting lists and are topping out at \$1,200/month.

## WHERE BUILDING CODE COMPLIANCE AND HISTORIC PRESERVATION COLLIDE



When your downtown or neighborhood commercial district was built and how it was previously used can play a significant role in the introduction of housing and the application of building codes.

Traditional main street districts tend to be a collection of narrow two- and three-story buildings with one to three storefronts, along with a few "white elephants"—those larger, old department stores and hotels that have been vacant for years and are looking for new life. While every building is unique and will require a special solution to introduce or re-introduce housing, there are some lessons to be learned from the various building types a Main Street director is likely to encounter.

Age is a factor affecting the impact of building codes. In pre-1900 downtowns, residential uses were not common. Typically, the second and third floors of these buildings were used for gathering and meeting spaces, commercial uses or storage, and sometimes a small hotel. Most of these spaces are currently vacant and have been for decades. Post-1900 buildings, primarily commercial strips typically found in small, medium, and large cities, have a history of residential use and some of them may be occupied or more recently vacated.

For pre-1900 buildings that were not historically residential, the "change of use" to housing will require a higher level of code compliance. In states with flexible codes or new Rehabilitation Codes, building officials may find these helpful, but they are not a panacea. For "younger" buildings, where housing is currently or formerly a use, the conversion should be less complex.

Beyond age, the second factor is a building's size. For the narrower and shorter traditional main street buildings, there are three key code compliance issues of concern to Main Street housing developers. These issues are also present for larger building types, but are more easily resolved.

First is the separation of use between retail, entertainment, commercial, or office uses on the first floor and the proposed residential uses in upper stories. Typically, a two-hour fire separation is required and today, most building codes require sprinklers in any multi-use scenario. Introducing sprinklers will reduce separation requirements to one hour, and most existing plaster ceilings will comply. If the owner has a tin

ceiling without plaster, it won't be possible to achieve even the one-hour rating and the architect will need to identify alternative compliance strategies. Additional features, such as alarm systems, may be added to a building's overall fire safety and can help preserve the building's historic integrity while meeting code requirements.

A second issue is the means of egress, or method of exiting the building. A second means of egress often equals inserting a second set of stairs, which can be problematic, especially if the first floor is already occupied with a going business concern. Generally, requirements for separating the exits will entail one stair in the front and one in the back, which may also be difficult in historic buildings. A bonus in post-1900 buildings, where residential uses are more common is that a second means of egress may already exist, making it easier to reintroduce residences to the upper stories.

The third and final challenge is the issue of accessibility. Although ADA (the Americans with Disabilities Act) does not apply to residential uses and the Fair Housing Act does not apply to buildings first used before 1991, some states have adopted accessibility requirements for new residential development. In smaller buildings, the limited number of units should limit the accessibility requirements, but it is

The leading design/build nonprofit developer of affordable homes in Washington, D.C., Manna is known for its ability to take an abandoned building or vacant property and convert it into new homes for low and moderate-income families. Manna purchased the badly deteriorated, yet historically significant Whitelaw Hotel in 1991, and turned the building into 35 apartments. The developer also restored the central dining room/ballroom of the Whitelaw and developed a historic exhibit to highlight the significance of the Shaw neighborhood as the center of Washington's African American cultural, economic and social life in the 1930's, 40's and 50's.



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After 14 years of vacancy, the 1855 Wauregan Hotel in Norwich, Conn., a Main Street community, has found new life. This downtown landmark will be converted into 70 units of moderate-income housing and 8,000 square feet of ground-floor restaurant/retail space. The project is a model partnership, consisting of city and state funds, historic and low-income housing tax credit equity, and a \$350,000 loan from the National Trust for Historic Preservation (committed).

important to check those thresholds in your location.

When an elevator is required, the more units that share that elevator the more cost effective it will be. Most states with accessibility requirements will also have a mechanism, like a state-level review board, to waive those requirements when the provision of accessibility is neither technically nor economically feasible. These review boards are often sensitive to the unique challenges of historic buildings.

In order to comply with accessibility requirements, building owners might consider sharing elevators, thereby reducing the cost of those systems. These opportunities may exist where buildings were constructed at the same time and have the same floor level. If floors don't match, ramping between them can be evaluated. Currently, in Ypsilanti, Michigan, three

property owners are cooperating on this approach to accommodate nearly 20 units of housing development in the upper floors of their five storefront buildings.

For large, "white elephant" buildings, such as old hotels or department stores, introducing housing may be more feasible. Although these buildings face the same fundamental challenges as smaller buildings, they are typically larger and thus have room for more units, which means more financial resources to deal with code compliance. And while similar change of use, separation of use, means of egress, and accessibility issues will arise, the potential reconfiguration of larger spaces will essentially equate to putting a new building in an old shell. Simultaneously, the greater flexibility of larger buildings offers greater opportunities for creating a variety of housing types.

In former department store buildings, the "changing of use" will likely require a total gutting of the space, providing the opportunity for loft-like spaces, while the more recent construction of most of these buildings may also make egress and other code requirements easier to meet.

Old hotels present a similar, but distinct, set of challenges. Because of their former quasi-residential use, numerous windows on the perimeter may allow for easy and sometimes exceptional layouts when converting a hotel to residences. The initial configuration of the building, however, may have an impact on the feasibility of turning it into housing. Sometimes existing corridors don't divide the floor space in a manner that provides enough depth on each side for a resi-

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## GLOSSARY of DEVELOPER TERMS

### AMI – Area Median Income

Measurement by the U.S. Department of Housing and Urban Development (HUD) that determines the average annual income based on family size and geographic location. Used to determine eligibility for various housing financing programs, including HOME funds.

### Development Team

The team of professionals assembled to implement a development, including, but not limited to the property owner, attorney, architect, contractor, accountant, bankers, investors, brokers, and others.

### Acquisition

The cost to acquire the property or building. Often, the costs associated with title insurance and holding onto the property for a limited period of time are included.

### Hard Costs

Construction and related contractor costs for a project. Included in these costs are the labor and materials expended by the contractor when completing the work, the contractor's overhead and profit, and the permits and fees the contractor incurs during the project and in the course of business.

### Soft Costs

Professional fees associated with a project, including but not limited to attorney, accountant, architect, title, and insurance costs.

### Total Development Costs

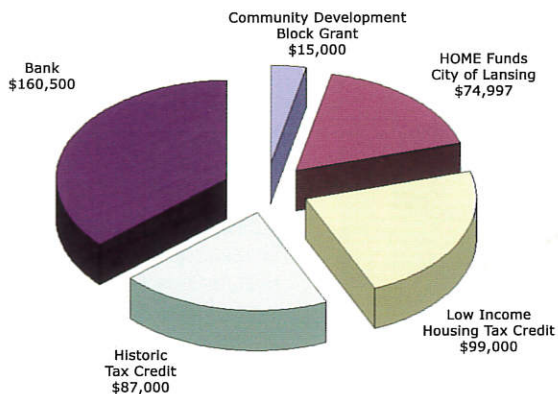
The total of three (3) cost components of a project—Acquisition, Hard Costs and Soft Costs, often referred to as "TDCs."

# Living Downtown

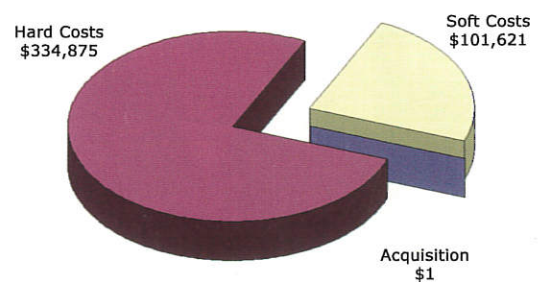
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## HOUSING IN OLD TOWN LANSING, MICHIGAN: LOWERTOWN LOFTS DEVELOPMENT

Sources



Uses



Total Uses of Funds = Total Development Cost \$436,497

Old Town, a registered historic district, was once a bustling commercial center within the city of Lansing, the capital of Michigan. On Grand River Avenue, the district consists of a number of 19th-century historic buildings in the Italianate and Romanesque Revival styles. Like many older commercial districts, the buildings suffered from deterioration and decay, and numerous vacancies. On the other hand, the surrounding residential community was stable. In addition, there was a committed group of conscientious individuals who made revitalization of Old Town a priority.

The Lowertown Lofts Redevelopment Project completed by Richard Karp of Buildtech, Ltd., helped jumpstart the revitalization of Old Town. The Lowertown Lofts Limited Dividend Housing Association Limited Partnership, an entity created specifically for the project by Karp, provided a showcase for the revitalization of the district. The project, a 9,300 square-foot, two-story Italianate brick building built in 1895, included the addition of three units of affordable housing and new street-level commercial space.

With buckling floors and peeling and cracked walls, the building was considered a local eyesore. Initially, the city asked the Old Town Business and Art Development Association, a local nonprofit, to spearhead redevelopment of the building. The association was reluctant to take on such a daunting project, but Richard Karp stepped in with a proposal that included numerous layers of financing, tax credits, and sweat.

The city offered title to the property for a nominal fee. In addition, it provided funding through the Community Development Block Grant and HOME Investment Partnership programs (see pg. 12), which required the units to abide by certain income and rent restrictions

for 15 years. Compliance with the income and rent restrictions qualified the project for a low-income housing tax credit.

For Lansing, the rents were approximately \$500 a month for residents with incomes that could not exceed \$45,800 for a family of three. As this was consistent with rents in the area, Karp used affordable housing financing to provide units consistent with market rates. Eight years later, rents in other buildings in the Old Town district have risen as high as \$1,200 a month. "At the time," says Karp, "the Lowertown Loft Project was the only rental property in the Old Town district; now there are numerous rental properties that go for about double what we started at in 1995."

The Lowertown Lofts project also qualified for a federal historic rehabilitation tax credit, an incentive available to qualified buildings in historic districts around the country.

The completed project consists of two three-bedroom units and one two-bedroom unit, each with approximately 1,500 square feet, on the second floor and three 1,500 square-foot storefronts on the first floor. The project would not have been completed without the partnership of the City of Lansing, the Old Town Business and Art Development Association, and the foresight of Richard Karp and Buildtech.

"Financing these types of projects is not easy, but they are doable," says Karp. "Accepting the need for affordable housing allowed us to access sources of funding that made the project work... Without the affordable housing financing, the building would still be vacant or demolished by the city."

dential unit. If the existing corridors are viewed as historically significant by the National Park Service (NPS), moving those corridors to accommodate new residential units may be viewed as inappropriate and detrimentally impact the availability of historic tax credits for the project.

The larger white elephant projects are likely to be more interesting to traditional developers, whereas smaller buildings tend to be taken on by the existing mom-and-pop retailers and property owners. From a public policy perspective, these larger projects can address the affordable housing challenge by mixing the units into a larger quantity, diminishing the perceived impact and potential resistance.

While not a building issue, parking may be a zoning code issue. Moreover, even if your community does not require parking for residential uses, it is a practical issue. The parking available for residents must be realistic. This is a challenge municipal leadership must wrestle with when encouraging downtown housing.

In the final analysis, communities, owners, and developers must balance the delicate public purpose of creating or adding residential life to main street's upper stories with the life, safety, and health of the occupants as mandated by

building codes. These issues can be complex. We recommend the use of fully qualified architects and encourage them to work cooperatively with local building officials to find the delicate balance between preservation and rehabilitation.

## LOOK LIKE, ACT LIKE, BE A DEVELOPER



Negotiating the potentially complicated maze of building regulations and pursuing the complex financing for affordable housing are not for the weak-spirited or faint of heart. But, hard work and complex issues are not new to most Main Street managers.

Main Street is a commercial district management program, not a commercial real estate development program. Therefore, the tools and resources in your toolbox must expand if your Main Street organization is going to encourage and, potentially, take on real estate development. Main Street's Four Points create the framework, context, and environment for investment, but the Main Street organization is not typically the investor.

Even though the Urban Land Institute asserts that many developers are re-tooling their organizations to respond to downtown opportunities, most of the "developers" of main street housing will not be from the typical development industry, but rather the small, traditional entrepreneurs and property owners found in your downtown or neighborhood commercial district.

Working cooperatively with state or local housing development agencies and local building officials will be essential to successfully introduce or re-introduce housing on main street.

Taking an inventory of the commercial district's buildings, including square footage, tenant mix, rents (for commercial and housing uses), etc., is traditionally a task handled by Main Street's Economic Restructuring Committee.

In order to accomplish the annual work plans that are the backbone of any successful Main Street program, it is essential that you gather qualified and committed volunteers with knowledge and interest in each of Main Street's Four Points. Taking on the real estate challenge in your community will require you to assemble a similar, but unique collection of people with expertise specific to real estate development.

Relationships you will want to cultivate include, but are not limited to, an attorney and accountant with real estate expertise as well as architects and contractors with renovation/preservation experience. You'll want the insight of brokers, as well, and will need to establish relationships with people who have access to financial resources, including not only bankers but also county and state community development agencies where public resources to support housing development will likely be managed.

Finally, you will want to nurture your relationship with local building officials and ensure that your design and construction professionals are working collaboratively with them, so that the challenges discussed earlier can be addressed early in a project.

Initially, downtown property owners and potential developers will be the primary beneficiaries of these newly cultivated relationships. However, if your organization makes the conscious decision to tackle real estate development, many of these relationships will be contractual as you engage these professionals as formal members of a development team—the experts necessary to implement a specific project.

A Main Street program typically takes on the role of developer in the context of

Lowertown Lofts, Lansing, Mich. Below left, Loft exterior before and after rehabilitation; below right, loft interior before and after rehabilitation.



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a stagnant, distressed, or disinvested market, due to the fact that the cost of a property and its renovation exceeds its value as determined exclusively by the private, for-profit sector. In these situations, projects that have value to the community in other ways require action by the public or non-profit sectors and are referred to here as Community Initiated Development (CID).

CID can occur for a variety of reasons, but often it is because a Main Street program:

- recognizes that the private sector cannot act;
- knows the private sector will not act;
- seeks to influence the outcome (to ensure a building is restored instead of demolished);
- hopes to set the standard for the caliber of development in the district;
- wants to be the catalyst for other activity;
- understands that as a non-profit developer it can act as a conduit for philanthropy for the project;
- realizes that it is the developer of last choice.

While more and more commercial district revitalization programs are considering an active role in real estate development, it is important to know that a peer movement in nonprofit real estate development already exists in many communities around the country. Known as the community development corporation (CDC), this movement-turned-industry has a significant training and technical assistance network to support its work.

Main Street programs considering CID or other forms of nonprofit real estate development can seek assistance from such organizations as the

National Congress for Community and Economic Development (NCCED), National Council of State Housing Authorities (NCSHA), Council of State Community Development Agencies (COSDA), Local Initiatives Support Corporation (LISC), and, of course, the resources of the National Trust, including the Community Partners Program and the Main Street Center's Real Estate Development Institute.

Main Street programs that choose not to pursue an active role in real estate development can play other roles. They can assemble and hold land or

## HOME INVESTMENT PARTNERSHIP PROGRAM: MAIN STREET'S AFFORDABLE HOUSING RESOURCE

HOME funds are a great resource for Main Street directors looking to renovate upper-floor rental units. Administered by the U.S. Department of Housing and Urban Development (HUD), at \$2 billion, HOME is the largest affordable housing program in the nation. Congress created the program in 1990 as a response to the need to increase the availability of affordable housing.

Participating jurisdictions that get HOME allocations include states, metropolitan regions, urban counties, and communities that form a conglomeration with other communities. To receive an allocation from HUD for use in creating affordable housing opportunities, jurisdictions must have an approved affordable housing plan and must match 25 percent of the allocated amount.

Participating jurisdictions have the flexibility to craft individual programs to promote affordable housing within some basic income and rent guidelines. HUD calculates the median household income, called "Area Median Incomes" or simply AMI, at the county and metropolitan level. Households below 60-80 percent of the area AMI are eligible to live in HOME-financed affordable housing projects. The maximum allowable rent is calculated to be around 30 percent of the household monthly income, though rents vary by the cost of living in each jurisdiction.

Where main streets are concerned, HOME funds can be used to fund smaller rental rehabilitation projects with fewer than five units; larger projects have additional requirements and income restrictions that increase the complexity of the program. Within a rehabilitation project, 90 percent of the tenants must have a household income that is 60 percent or less of the area median income, and no tenant can be above 80 percent of the area median income.

The HOME subsidy amount is generally based on the number of years the unit will remain affordable. For properties that are decades old, these timeframes are but a moment in time, if we seek to preserve them for our children and grandchildren.

| SUBSIDY AMOUNT        | NUMBER OF YEARS THE UNIT MUST REMAIN AFFORDABLE |
|-----------------------|---|
| less than \$15,000    | 5 years   |
| \$15,000 - \$40,000   | 10 years  |
| Greater than \$40,000 | 15 years  |

HOME program funds can also be used to finance a wide range of activities, including:

- Some of the development costs, including property acquisition, rehabilitation of rental units, or other reasonable expenses related to the development of "non-luxury housing."
- Administration of the HOME program, including program planning and staff and overhead directly related to the HOME-assisted project (up to 10 percent of the annual allocation).

A little-known fact about HOME funds is that in most communities the income and rent limitations set by HUD are at a level that includes many working and middle-class families. Property owners are required to maintain the units as affordable for as few as five years depending on the level of subsidy.

To find out more about the use of HOME funds in your community, contact your state housing finance agency or state or county community development agency.



**April 30-May 1, 2004**  
 Preservation Maryland, Maryland Preservation and Revitalization Conference  
 Frederick, Md., 410-685-2886 ext.302  
[www.prsevemd.org](http://www.prsevemd.org)

**May 1, 2004**  
**NTHP, Nomination Deadline for National Preservation Honor Awards**  
 202-588-6000 or e-mail: [awards@nthp.org](mailto:awards@nthp.org)  
[www.nationaltrust.org/preservation\\_awards/index.html](http://www.nationaltrust.org/preservation_awards/index.html)

**May 5-7, 2004**  
 Washington State Downtown Revitalization Program, 18th Annual Downtown Revitalization Training Institute  
 Tacoma, Washington, 360-725-4056  
[www.downtown.wa.gov](http://www.downtown.wa.gov)

**May 6-8, 2004**  
 Texas Historical Commission, 2004 Annual Conference: Recognizing Resources, Preserving Places  
 Fort Worth, Texas, 512-463-6255  
[www.thc.state.tx.us](http://www.thc.state.tx.us)

**May 9-12, 2004**  
**NMSC, 2004 National Main Streets Conference: Revitalization Resources: Money, Places, Partners**  
 Albuquerque, N. Mex., 202-588-6329  
<http://www.mainstreet.org/Conferences/NTM/index.htm>

**May 11-14, 2004**  
 U.S. Department of Energy, 2004 National Conference for States and Communities  
 Minneapolis, Minn., 202-586-8296 or 202-586-2621

**May 18-20, 2004**  
 Heritage Ohio/Downtown Ohio, Inc., Annual Preservation/Revitalization Conference and Awards  
 Dayton, Ohio, 614-258-6200 or e-mail: [downtown@heritageohio.org](mailto:downtown@heritageohio.org)  
[www.heritageohio.org](http://www.heritageohio.org)

**June 5-9, 2004**  
 Pennsylvania Downtown Center, Live, Work, Play & Shop... Downtown  
 Pittsburgh, Pa., 717-233-4675 or e-mail: [amylucas@padowntown.org](mailto:amylucas@padowntown.org)  
<http://www.padowntown.org/Conference/2004%20Conference%20Committee.asp>

**June 24-27, 2004**  
 Congress for the New Urbanism, CNU XII: Blocks, Streets, and Buildings Today:  
 The New City Beautiful  
 Chicago, Ill., 800-788-7077  
[www.cnu.org](http://www.cnu.org)

**July 21-22, 2004**  
 Main Street New Jersey, Creating Economic Opportunity  
 Trenton, N.J., 609-633-9769  
[www.state.nj.us/dca/dhcr/msnj.htm](http://www.state.nj.us/dca/dhcr/msnj.htm)

**September 19-22, 2004**  
 International Economic Development Council, Annual Conference  
 Washington, D.C., 202-223-7800 or e-mail: [jstone@iedconline.org](mailto:jstone@iedconline.org)

**September 28-October 3, 2004**  
**NTHP, National Preservation Conference: Restore America: Communities at a Crossroads**  
 Louisville, Ky., 800-944-6847 or e-mail: [conference@nthp.org](mailto:conference@nthp.org)  
[www.nthpconference.org](http://www.nthpconference.org)

Calendar entries of state, regional, and national interest may be submitted in writing by the fifth of each month for the following month's newsletter. We reserve the right to edit all entries based on appropriateness and space.



The rebirth of downtown Asheville, N.C., has been due in large part to the huge growth and interest in living downtown. Between 1990 and 2000, the downtown experienced the community's strongest residential growth, a 65% increase. The Grove Arcade (above), built in the 1920s and used for federal government offices until 1990, was recently restored and adapted for housing and retail, adding 42 residential units to the downtown.



human connection, main streets as diverse, walkable places seem poised to provide a venue for the re-establishment of this much sought-after sense of community.

It may not be the shop keepers and restaurateurs of yesteryear but a different breed of working class folks, entrepreneurs, and residents that will add new vibrancy to main street.

Taking advantage of this trend will require Main Street directors to become more sophisticated about the challenges and opportunities presented by direct involvement in real estate development. It will require new thinking, a broader range of tools, a new group of interested and engaged professionals, and introduction to and understanding of a new set of financial resources.

With affordable housing for workers and entrepreneurs, main street may in fact regain the flavor of its 100-year-old predecessor—not the romantic notion of days gone by, but a new life, with a new community of residents and businesses, expressive of our 21st century economy and culture.

*Jay C. Juergensen is a national expert in community and economic development, specializing in real estate development. His firm, Juergensen & Associates ([www.j-assoc.com](http://www.j-assoc.com)) is based in Detroit and works around the country, helping communities plan and implement their revitalization plans. He has been active in Main Street-related activities for over a decade, including the creation of Detroit's and re-establishment of Michigan's Main Street Programs; and he is the developer, owner, and manager of more than 20 units of rental housing in his community. He has been featured at National Town Meeting on Main Street, will be conducting a workshop on real estate development at the National Main Streets Conference in Albuquerque, and recently served on the faculty of the National Main Street Center's Real Estate Development Institute in January 2004. Elisabeth Knibbe, AIA of Elisabeth Knibbe Architects in Ypsilanti, Michigan; and Richard Karp, Buildtech, Ltd., of Lansing, Michigan, contributed to this article.*

buildings for development by a private developer, manage a small loan portfolio, or act as an intermediary by seeking, securing and being the conduit for HOME resources to support housing development downtown. (For more information on the HOME program, visit HUD's web site at [http://www.hud.gov/offices/cpd/affordable\\_housing/programs/home/index.cfm](http://www.hud.gov/offices/cpd/affordable_housing/programs/home/index.cfm).)

## HOUSING ON MAIN STREET IN THE NEW CENTURY



As we enter the 21st century, downtowns and neighborhood commercial districts seem well poised to take advantage of numerous trends that would restore their vibrancy, including a significant opportunity for housing in districts of all sizes.

As new housing choices are expressive of a culture seemingly yearning to make a physical,