



State of Iowa 2021 Housing Trust Fund Allocation Plan

Introduction

The Iowa Finance Authority (IFA) has been designated by the Governor and the State legislature as the Iowa recipient of Housing Trust Fund (HTF) moneys from the U.S. Department of Housing and Urban Development (HUD). As stated in Iowa Code section 16.181, the State designates IFA to administer the HTF program in Iowa by specifying that any moneys received under the HTF be held as assets within the State Housing Trust Fund. IFA will receive the minimum state grant amount of \$3,000,000 under the HTF program in the current federal fiscal year. The funds will be used to build, preserve, rehabilitate, and operate rental housing affordable to extremely low-income families. As allowed under 24 CFR Part 93, IFA will allocate up to 10 percent of the grant for program planning and administration costs; up to one-third for operating cost assistance or operating cost assistance reserves (conditioned upon guidance to be published by HUD); and remaining funds will be used to provide capital funding for the development of new affordable rental housing units for extremely low-income households through new construction, gut rehabilitation, or adaptive reuse activities.

Housing Trust Fund Strategic Plan §91.315(b)(2)

Geographic Priorities:

The HTF funds will be made available through a competitive HTF funding round. IFA anticipates utilizing the funds in projects across the state in areas exhibiting a strong need for rental housing for extremely low-income families, including but not limited to permanent supportive housing for homeless households.

Goals:

Estimated number of HTF units constructed or rehabilitated from the 2021 funds: 12

Estimated number of HTF units receiving operating subsidies from the 2021 funds: up to 12

Any operating subsidies will be awarded in accordance with HUD guidance.

National Housing Trust Fund Action Plan §91.320(k)(5)

Distribution of HTF:

Iowa will not allocate funds to subgrantees for their distribution to owners/developers. Instead, IFA will distribute HTF funds directly to owners/developers of affordable housing. The HTF funds will be allocated on a competitive basis and may be paired with proposed Low-Income Housing Tax Credit (LIHTC) projects.

Application Requirements and Selection Criteria

The needs of extremely low-income renters, those with incomes below 30% of Area Median Income (AMI), are a high priority for IFA. IFA's highest priority in awarding HTF funds will be proposed projects to be owned by an Experienced Nonprofit Entity that will provide permanent supportive housing for homeless households. An



“Experienced Nonprofit Entity” is defined as a 501(c)(3) nonprofit organization with experience providing housing or supportive services to extremely low-income households in the proposed project’s market area. Applications will be evaluated in accordance with need and scoring criteria that emphasizes other State priorities as outlined in the Annual Action Plan.

Applications will be awarded points in 12 scoring categories as follows:

1. Targeted Populations 0 or 30 points

Points will be awarded for projects targeting Families Experiencing Homelessness.

“Families Experiencing Homelessness” is defined for HTF scoring purposes as an individual or family who meets the definition of Homeless from the U.S. Department of Housing and Urban Development at 24 CFR Part 91.5.

["Homeless" Definition-Cornell Law](#)

Homeless.

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:



(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.

2. Great Places 0 or 2 points

IFA shall consult with the Department of Cultural Affairs to determine if a Project is within a jurisdiction that has been designated by the Iowa Great Places Board for participation in the program, pursuant to Section 303.3C, subsection 4 of the Iowa Code.

3. Home Base Iowa Community 0 or 2 points



Points will be awarded if the application shows the project is located entirely in a Home Base Iowa Community as shown at <https://www.homebaseiowa.gov/resources/communities/>.

4. Fully Accessible Units 0 to 10 points

The required percentage of the HTF-assisted units must be fully accessible (not adaptable) as shown in the plans submitted with the application. "Fully accessible unit" means a unit designed and constructed for full accessibility in accordance with Section 1002 of the International Code Council (ICC) A117.1.

10 points – 50% or more of the HTF-assisted units will be fully accessible

5 points – At least 25% but less than 50% of the HTF-assisted units will be fully accessible

2 points – At least 10% but less than 25% of the HTF-assisted units will be fully accessible

The Owner shall lease Accessible Units designed for persons with disabilities to tenants requiring the accessibility features of the unit. The Applicant shall agree to require a lease addendum to be executed by a tenant(s) occupying that Accessible Unit who does not require such Accessible features. In the lease addendum, the tenant shall agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner. The lease addendum shall be submitted as part of the HTF Grantee's Administrative Plan. The Project shall maintain use of the lease addendum throughout the Affordability Period.

5. Utilization of Project-Based Rental Assistance 0 to 15 points

Projects that have Federal Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance.

Federal Project-Based Rental Assistance, Local Project-Based PHA Voucher Assistance & HUD-VASH Voucher Assistance:

At least seventy-five percent (75%) of the total Project Units are covered by a project-based rental assistance contract. 15 points

At least fifty percent (50%) of the total Project Units are covered by a project-based rental assistance contract. 10 points



At least twenty-five percent (25%) of the total Project Units are covered by a project-based rental assistance contract.

5 points

6. Opportunity Index Census Tracts 0 to 6 points

Projects located in a census tract that is identified as a High or Very High Opportunity Area as shown in the Application Package.

Very High Opportunity Area 6 points
High Opportunity Area 3 points

7. Leverage 0 to 15 points

The total amount of local, non-federal funds designated as leverage (as approved by IFA) will be divided by the amount of total HTF funds requested.

0 - 4% eligible HTF leverage	0 points
5 - 9% eligible HTF leverage	3 points
10 - 14% eligible HTF leverage	6 points
15 - 20% eligible HTF leverage	9 points
21% or more eligible HTF leverage	15 points

8. Flexible Tenant Selection Criteria 0 or 5 points

IFA will give preference in funding decisions to applicants who intend to create units for individuals or families who face multiple barriers to securing permanent housing. Multiple barriers may include poor credit, prior evictions, past criminal convictions, poor rental history, and multiple shelter placements.

9. IFA Iowa Title Guaranty Certificate 0 or 2 points

Points will be awarded if the applicant selects on the application that the Ownership Entity shall, at a minimum, obtain a Final Iowa Title Guaranty Certificate with an amount of coverage that is not less than the value of land and pre-existing improvements, if any, combined with the total Hard Construction Costs of the Project.

10. Zoning 0 or 4 points

Points will be awarded if the property is appropriately zoned for the proposed project at the time of application.



11. Nonprofit Ownership 0 to 15 points

Points will be awarded as follows if the owner of the proposed project will be a nonprofit entity. For scoring purposes, Nonprofit Ownership may also include a nonprofit general partner of a limited partnership or a nonprofit managing member of a limited liability corporation.

5 points for a nonprofit owner with experience in providing any type of housing or supportive services

10 points for a nonprofit owner with experience in providing housing or supportive services to extremely low-income households

15 points for a nonprofit owner with experience in providing housing or supportive services to extremely low-income households in the proposed project's market area

12. HTF Subsidy Per Unit 0 to 10 points

The extent to which a project proposes to use the least amount of HTF subsidy per HTF-assisted unit. The project with the lowest HTF-subsidy per unit requested will receive 10 points. The project with the highest subsidy per unit requested will receive 0 points. Projects in between will receive points on a sliding scale from 0 to 10 points.

The calculation formula is: $\text{IF (SPU Grant Amount/HTF-assisted Units) < Max SPU then } 10 - (10 * (((\text{SPU Grant Amount/HTF-assisted Units}) - \text{Min SPU}) / (\text{Max SPU} - \text{Min SPU}))) \text{ Else } 0$

Priority for Awarding Funding to Eligible Applicants

1. Geographic Diversity.

IFA will accept and consider proposals from across the state consistent with the state's certification to affirmatively further fair housing. The needs of extremely low-income tenants across Iowa are a high priority; however, geographic location of a project will be considered as it relates to opportunity areas and location near other affordable projects.

The "high" and "very high" opportunity areas were calculated as part of the State of Iowa's Analysis of Impediments to Fair Housing Choice. Areas of opportunity are physical places, areas within communities that provide things one needs to thrive well, including quality employment, good schools, affordable housing, efficient public transportation, safe streets, good services, adequate parks, and full-service grocery stores. Areas lacking opportunity, then, have the opposite of these attributes. Disparities in access to opportunity inspects whether a select group, or certain groups, have lower or higher levels of access to these community assets. HUD expresses several of these community assets through the use of an index value, with 100



representing total access by all members of the community, and zero representing no access. The HUD opportunity indices are access to Low Poverty areas; access to School Proficiency; characterization of the Labor Market Engagement; residence in relation to Jobs Proximity; Low Transportation Costs; Transit Trips Index; and a characterization of where you live by an Environmental Health indicator. For each of these a more formal definition is as follows:

- Low Poverty: A measure of the degree of poverty in a neighborhood, at the Census Tract level.
- School Proficiency: School-level data on the performance of 4th grade students on state exams to describe which neighborhoods have high-performing elementary schools nearby and which are near lower performing schools.
- Jobs Proximity: Quantifies the accessibility of a given residential neighborhood as a function of its distance to all job locations within a Core Based Statistical Area (CBSA).
- Labor Market Engagement: Provides a summary description of the relative intensity of labor market engagement and human capital in a neighborhood:
- Low Transportation Cost: Estimates of transportation costs for a family that meets the following description: a 3-person single-parent family with income at 50% of the median income for renters for the region.
- Transit Trips: Trips taken by a family that meets the following description: a 3-person single-parent family with income at 50% of the median income for renters.
- Environmental Health: summarizes potential exposure to harmful toxins at a neighborhood level.

The objective of pinpointing Opportunity Areas is to identify places that are good locations for investment that may not have been selected based on other criteria. This identification allows for balanced investment across neighborhoods that offer opportunities and advantages for families. IFA has calculated an Opportunity Index focused on Jobs Proximity, Labor Market Engagement, and School Proficiency that will be used for HTF application scoring purposes.

2. Applicant Capacity.

Applicants must demonstrate the ability to perform the tasks associated with the requirements of the HTF and complete the assisted project in a timely manner. During the competitive application review process, the capacity of the ownership entity and property management staff will be evaluated, taking into consideration experience with similar projects, experience utilizing HUD CPD funding, marketing experience, financial capacity, successful project closeouts, and other factors relevant to the role of the entity.

3. Project-Based Rental Assistance.

Applications for projects receiving Project-Based Rental Assistance will receive a significant number of points in the scoring criteria.

4. Duration of Affordability Period.

All HTF rental projects will have an affordability period of 30 years.

5. Priority housing needs.



High housing costs reduce economic opportunities, limit access to jobs and services, and restrict the ability of lower-income households, including the elderly and persons with disabilities, to live in safe and healthy homes in the communities and neighborhoods of their choice. Statewide priority needs in Iowa include limited housing opportunities. Iowa is currently experiencing a significant shortage of affordable and available rental units for extremely low-income households.

According to the National Low Income Housing Coalition's *Out of Reach 2020: Iowa*, there are 362,703 renter households in Iowa, which comprise 29% of all households. In Iowa, the Fair Market Rent (FMR) for a two-bedroom apartment is \$804. At this rate, the average renter in Iowa, earning \$13.43 an hour currently needs to have the equivalent of 1.2 full-time jobs to afford an apartment at FMR. Iowa renters earning the minimum wage of \$7.25 an hour would need to have the equivalent of 2.1 full-time jobs, or 85 hours of work a week to afford a two-bedroom apartment at the current FMR. The amount of rent that is affordable to a minimum wage worker in Iowa is currently \$377. This means that an affordable rent in Iowa for the minimum wage worker is currently out of reach by \$427 a month. In order to afford the current level of rent and utilities – without paying more than 30% of income on housing – a household must earn \$2,679 monthly or \$32,151 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly housing wage of \$15.46 per hour, according to the National Low Income Housing Coalition's report.

In 2020, the poverty level in Iowa was \$12,760 for a one-person household and \$26,200 for a four-person household. According to the 2018 Census Bureau's Small Area Income and Poverty Estimates Program, approximately 11.7% of Iowa's population was below the poverty level. In 2018, some 10.7% of those in poverty were under age six and 9.9% were age 65 or older. According to 2013 – 2017 CHAS data for Iowa, among the 1,251,585 total households in Iowa, 223,870 households, 18% of the total households in the State, were in the low-income range of 51-80% HUD Area Median Family Income (HAMFI or AMI); 149,895 households, 12% of the total households in the State, were in the very low-income range of 31-50% AMI; and 146,275 households, 12% of the total households in the State, were extremely low-income at or below 30% AMI. Overall, 520,040 households in the State were at or below 80% of AMI, or 42% of the total households in the State.

In addition, the 2020 Iowa Profile cites the most common housing problem in Iowa as housing cost burdens, with 20% of renters and 13% of homeowners with a mortgage spending greater than 30% of their income on housing costs. An additional 20% of Iowa renters and 7% of Iowa homeowners with a mortgage are severely cost burdened, spending more than 50% of their income on housing costs. Severe housing problems include overcrowding at a rate of more than 1.5 persons per room and housing costs exceeding 50% of the household income and are disproportionate by race in the state, with 10.7% of white households having severe housing problems as compared to 39.6% of Pacific Islander, 30.9% of Black, 25.4% of Asian, and 23.8% of Hispanic (any race) households.

Renter households in Iowa tend to be impacted at a higher rate by cost burdens than homeowner households. According to the 2020 Iowa Profile, 65,660 renter households faced cost burdens, compared to 88,015 owner-occupied households. Of these, there are 15,610 renter households with incomes less than 30% HAMFI facing housing problems. Nearly 13% of Iowa households are expected to be in the extremely low-income range by 2050.

6. Eligible Activities.



The application shall describe the activity to be funded with HTF. The Applicant must certify that the assisted units will comply with HTF requirements. Activities to be undertaken include new construction, gut rehabilitation, or adaptive reuse of rental housing. Gut rehabilitation shall be defined as extensive alteration work to an existing structure including the reconfiguration of space of over 50 percent of the total building area or of an entire occupancy classification within the building. Adaptive reuse shall be defined as conversion of an existing structure from a non-housing use to a housing use in which the existing building had not provided residential housing space for a minimum of three years prior to the date of HTF application submission. Transitional housing is not eligible for assistance.

7. Eligible Applicants.

Eligible applicants for HTF include owners or developers that may be a for-profit entity or a nonprofit entity. The application will describe the project including building type, number of units, property type and proposed address. The application will also outline all sources of funds for the project as well as the uses for those funds.

The owner and development team must not be debarred or excluded from receiving federal assistance prior to selection or entering into a Written Agreement. Applicants and their development team will undergo an evaluation by IFA of their capacity, and the project is required to meet IFA's stringent underwriting criteria.

Eligible applicants will certify that housing units assisted with HTF will comply with HTF program requirements during the entire period which begins upon selection and ends upon the conclusion of all HTF-funded activities. Applicants shall demonstrate familiarity with requirements of other Federal, State or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements throughout the 30-year HTF affordability period.

Any person who is an employee, agent, consultant, officer, elected official, or appointed official of the State of Iowa, IFA, or state recipient or sub-recipient receiving HTF funds (collectively Non-eligible Persons) shall not be eligible to receive HTF funds. This includes partnerships and corporations where the controlling partner, controlling member, or person(s) in control of such entity is a Non-eligible Person or Persons.

To be considered an eligible applicant, a developer with an open HTF project must have submitted draws and IFA must have approved payment expending a minimum of 50% of the HTF funding award prior to the application submission deadline date. Developers may only be awarded HTF funds for up to one (1) HTF project per funding round.

CONTACT AFTER APPLICATION SUBMITTAL: Once the Application has been submitted, IFA will notify the Applicant of any required information for supplemental or clarifying data and will specify the date and time by which a response from the Applicant is expected. Unless contacted by IFA to clarify a threshold item within the Application, an Applicant shall not contact any IFA staff or Board members, nor shall anyone contact staff or Board members on the Applicant's behalf, in order to unduly influence IFA's determination related to the award of HTF funds. If it has been determined by IFA that a staff member or Board member has been improperly contacted by the Applicant or a party on behalf of the Applicant, then IFA may reject the Application.



8. Performance Goals and Benchmarks.

Iowa will receive the minimum state grant amount of \$3,000,000 in 2021. All HTF funds received will be used to develop or preserve housing affordable to extremely low-income families. As allowed under 24 CFR Part 93, up to 10 percent of the grant will be used for program planning and administration costs; up to one-third for operating cost assistance or operating cost assistance reserves; and remaining funds will be used to provide capital funding for new construction, gut rehabilitation, or adaptive reuse of HTF units.

IFA anticipates awarding funds to complete a minimum of 12 units of housing affordable for extremely low-income families. IFA may allocate funding for operating cost assistance or operating cost assistance reserves in accordance with HUD guidance. IFA reserves the right to reallocate uncommitted operating funds to capital costs if qualified applications for operating funds are insufficient to award all operating funds.

9. Maximum Per-Unit Development Subsidy Limits.

IFA will utilize the HOME maximum per-unit subsidy limits in effect at the time of the opening of the HTF funding round as the HTF maximum per-unit subsidy limits. The current HTF maximum subsidy per-unit limits will be available on the [IFA web site](#) and are as follows, effective June 4, 2020:

<u>BR Size</u>	<u>HTF Subsidy Per-unit Limit</u>
Efficiency	\$153,314.40
1 BR	\$175,752.00
2BR	\$213,717.60
3BR	\$276,482.40
4BR	\$303,489.60

PJs	HCP	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Base		\$ 63,881.00	\$ 73,230.00	\$ 89,049.00	\$ 115,201.00	\$ 126,454.00
All Nebraska and Iowa PJs/Counties	240%	\$ 153,314.40	\$ 175,752.00	\$ 213,717.60	\$ 276,482.40	\$ 303,489.60

Per Omaha Field Office
Effective June 4, 2020

IFA has examined the development costs of several recently awarded LIHTC and HTF projects that are considered representative of the types of housing that will be developed with HTF funds and determined that the HOME maximum per-unit subsidy amounts are appropriate as HTF maximum subsidy limits for statewide use. No significantly higher or lower cost development areas were observed when reviewing total development costs statewide. Exceptions to the established limits will not be allowed for any mitigating cost factors.

10. Rehabilitation Standards.



Properties served with HTF funds must comply with all applicable state and local codes, standards, and ordinances by project completion. In cases where standards differ, the most restrictive standard will apply. In the absence of a State or local building code, the International Residential Code or International Building Code of the International Code Council will apply.

Properties must meet local housing habitability or quality standards throughout the affordability period. If no such standards exist, HUD's Uniform Physical Conditions Standards (UPCS), as set forth in 24 CFR 5.705, will apply. All rehabilitation projects funded through the HTF program must follow the Iowa HTF Minimum Housing Rehabilitation Standards. These guidelines are available on the [IFA web site](#).

All projects with 26 or more units are required to have the useful remaining life of the major systems determined. Major systems include the following: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. If the useful remaining life of one or more major system(s) is less than the applicable effective period, the system(s) must be either included in the scope of work or a replacement reserve must be established and monthly deposits made to the reserve account to adequately repair or replace the systems as needed.

11. Resale and Recapture Provisions.

Not applicable. IFA will not use HTF to assist first-time homebuyers.

12. Affordable Homeownership Limits.

Not applicable. IFA will not use HTF for homebuyer assistance.

13. Limitation on Beneficiaries or Preferences.

As a matter of course, IFA will not limit the beneficiaries of the program or target specific sub-populations of extremely low-income households. IFA reserves the right to fund a project that targets a specific sub-population if the project merits an award. Scoring points will be awarded for projects targeting Families Experiencing Homelessness.

14. Refinancing Existing Debt.

IFA will not use HTF to refinance existing debt.