Introduction

The Iowa Finance Authority has been designated by the Governor and the State Legislature as the Iowa recipient of Housing Trust Fund (HTF) from the U.S. Department of Housing and Urban Development (HUD) as stated in Iowa Code Section 16.181. IFA will receive the minimum state grant amount of $3,000,000 in 2017. The funds will be used to house extremely low-income families. As allowed under 24 CFR Part 93, IFA will allocate 10 percent of the grant or $300,000 for program planning and administration costs; up to one-third for operating cost assistance or operating cost assistance reserves; and the remaining funds will be used to provide capital funding for new construction, adaptive reuse, or rehabilitation of HTF units.

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

Geographic Priorities:

The HTF funds will be made available through pairing with awarded or proposed LIHTC projects or in a stand-alone HTF funding round. IFA anticipates utilizing the funds in projects across the state in areas which exhibit a strong need for housing for extremely low-income families.

Goals:

Number of HTF units constructed or rehabilitated from the 2017 funds: 18
Number of HTF units receiving operating subsidies from the 2017 funds: up to 18

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 owner/developers of affordable housing. The HTF funds will be allocated on a competitive basis.
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. 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 eight categories as follows: targeted populations, Great Places, Home Base Iowa community, fully accessible units, utilization of project-based rental subsidy, Opportunity Areas, leverage, and flexible tenant selection plans. The following scoring criteria will be utilized in these applications:

1. Targeted Populations  0 or 10 points

   Points will be awarded for projects targeting one of the following populations:

   - Homeless persons, including homeless individuals, families, youth and/or veterans
   - Persons with HIV/AIDS
   - Persons with disabilities
   - Persons with Substance Abuse Disorders
   - Survivors of Domestic Violence

2. Great Places  0 or 5 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 within the last three years, pursuant to Section 303.3C, subsection 4 of the Iowa Code.

3. Home Base Iowa Community  0 or 5 points

   Projects located within the jurisdiction of a current Home Base Iowa Community are eligible for points in this category.

4. Fully Accessible Units  0 or 10 points

   Twenty-five percent (25%) 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.

5. Utilization of Project-Based 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:**

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

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

**Local Project-Based PHA Voucher Assistance & HUD-VASH Voucher Assistance:**

At least twenty-five percent (25%) of the total Project Units are covered by a written commitment. 15 points

At least fifteen percent (15%) of the total Project Units are covered by a written commitment. 10 points

At least five percent (5%) of the total Project Units are covered by a written commitment. 5 points

6. Opportunity Areas 0 to 10 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 10 points
High Opportunity Area 5 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.

<table>
<thead>
<tr>
<th>Leverage of HTF Funds</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 4% eligible HTF</td>
<td>0 points</td>
</tr>
<tr>
<td>5 - 9% eligible HTF</td>
<td>3 points</td>
</tr>
<tr>
<td>10 - 14% eligible HTF</td>
<td>6 points</td>
</tr>
<tr>
<td>15 - 20% eligible HTF</td>
<td>9 points</td>
</tr>
<tr>
<td>21% or more eligible HTF</td>
<td>15 points</td>
</tr>
</tbody>
</table>

8. Flexible Tenant Selection Criteria 0 to 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.

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 very low-income and 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. HUD adapted the Communities of Opportunity model to calculate opportunity index scores for each census block group on six separate dimensions. Each dimension analyzed for Iowa’s Analysis of Impediments to Fair Housing Choice includes a collection of variables describing conditions for each census tract in the State.

- **Prosperity** includes rates of family poverty and the receipt of public assistance (cash welfare, such as Temporary Assistance to Needy Families) to capture the magnitude of a given neighborhood’s rate of poverty.
• **Labor Market Engagement** measures the level of employment, labor force participation, and education attainment in each neighborhood to describe its local human capital.

• **Job Access** gives each census tract a score based on distance to all job locations, weighting larger employment centers more heavily. The distance from any single job location is positively weighted by the number of job opportunities at that location and inversely weighted by the labor supply (competition) of the location.

• **Mobility** was calculated based on commute times and the percent of people who travel to work via public transit.

• **School Proficiency** uses the results of the Adequate Yearly Progress (AYP) test by elementary, middle, and high school students as a proxy for educational quality. Rates of proficient scores for all grades for both the reading and math exams are combined into one overall score for each school district.

• **Community Health** for a given tract was calculated as a function of the number of residents without health insurance and low food access ranking by the USDA.

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.

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 (up to 15) 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. Between 2000 and 2010 the population of Iowa grew 3% to 3,016,267 people which represented 1,215,954 households, a 5% increase in total households throughout the State. According to 2007-2011 CHAS data for Iowa, 224,370 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); 146,655 households, 12% of the total households in the State, were in the very low-income range of 31-50% AMI; and 135,840 households, 11% of the total households in the State, were extremely low-income at or below 30% AMI. Overall, 506,865 households in the State were at or below 80% of AMI, or 42% of the total households in the State.

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, adaptive reuse, and rehabilitation of rental housing.

7. Eligible Applicants.

Eligible applicants for HTF include owners or developers that may be a for-profit entity or a non-profit 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.

8. Performance Goals and Benchmarks.

Iowa will receive the minimum state grant amount of $3,000,000 in 2017. All HTF funds received in 2017 will be used to develop or preserve housing affordable to extremely low income families. As allowed under 24 CFR Part 93, 10 percent of the grant or $300,000 will be used for program planning and administration costs; up to one-third for operating cost assistance or operating cost assistance reserves; and the remaining funds will be used to provide capital funding for new construction, adaptive reuse, or rehabilitation of HTF units.

IFA anticipates completing 18 units of housing affordable to extremely low-income families. IFA expects to 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 has examined the development costs of several recently awarded LIHTC projects in nine distinct communities that are considered representative of the types of housing that will be developed with HTF funds, and has established the following HTF maximum subsidy limits for statewide use.

<table>
<thead>
<tr>
<th>BR Size</th>
<th>Subsidy Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>$102,700</td>
</tr>
<tr>
<td>1 BR</td>
<td>$134,300</td>
</tr>
<tr>
<td>2BR</td>
<td>$173,800</td>
</tr>
<tr>
<td>3BR</td>
<td>$205,400</td>
</tr>
<tr>
<td>4BR</td>
<td>$237,000</td>
</tr>
</tbody>
</table>

The method used for determining the subsidy limits is by multiplying the mean gross square foot development cost by the mean square foot unit size for all 11 awarded 2016 LIHTC projects including new, adaptive reuse, and rehab construction multi-family units. Subsidy limits will be calculated and updated annually. No significantly higher or lower cost development areas were observed when reviewing total development cost 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 Iowa’s HTF Minimum Housing Rehabilitation Standards. These guidelines are available on the Iowa Finance Authority website: Iowa HTF Minimum Housing Rehabilitation Standards.

All projects with 26 or more units are required to have the useful remaining life of the major systems determined. Major systems include: 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.


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.


IFA will not use HTF to refinance existing debt.