

The State of Iowa
Consolidated Plan for Housing & Community Development

ANNUAL PERFORMANCE PLAN: 2012

**CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT
Annual Performance Report — Program Year 2012**

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STATE OF IOWA CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT Annual Performance Report—Program Year 2012

Introduction

This document is the State of Iowa's Annual Performance Report (APR) for the period beginning January 1, 2012 and ending December 31, 2013 (Program Year 2012). This report is intended to fulfill the U.S. Department of Housing and Urban Development (HUD) requirements that require the state to annually review and report the progress made in carrying out its Consolidated Plan for Housing and Community Development.

This report, and the supplemental documentation included with it, replaces several year-end reports submitted individually in the past. These separate reports were:

- The Community Development Block Grant (CDBG) Performance and Evaluation Report (PER);
- The HOME Investment Partnership Annual Performance Report (APR); and
- The Comprehensive Housing Affordability Strategy (CHAS) Annual Performance Report (APR)

The State of Iowa, in this document, has chosen to report under the Consolidated Plan format while incorporating all required elements of the PER and APRs.

The Iowa Economic Development Authority (IEDA), previously named the Iowa Department of Economic Development, and the Iowa Finance Authority (IFA) are responsible for developing and carrying out the State of Iowa's Consolidated Plan. IEDA serves as the lead agency for this Annual Performance Report. This report was prepared in accordance with 24 CFR Part 91.520.

Citizen Participation

IEDA and IFA made a draft of this report available for public review and comment. A notice of availability was published in the Des Moines Register on Tuesday, February 26, 2013. The report was also placed on the IEDA and IFA website, with a related announcement, on Monday, February 25, 2013. Public comments were invited through 4:30 PM on Thursday, March 28, 2013. In addition IEDA and IFA hosted a public hearing in Des Moines at IFA's office from 3:30 – 5:00 on Wednesday, March 13, 2013. No comments were received.

Citizen participation was also solicited and comment opportunity was available on the department website, www.iowaeconomicdevelopment.com as well as the IFA website, www.iowafinanceauthority.gov. In addition, IFA used Twitter and email newsletters targeting the homeless and HOME constituencies to raise awareness of the opportunity to review and comment on the performance report. The report was also shared with the Iowa Association of Regional Council of Governments (IARCC). IARCC's members have a direct relationship with Cities and Counties in their regions. They encouraged their constituents to review the plan and comment before March 28th using IEDA's website.

Executive Summary:

In 2012, the state of Iowa received a total of \$30,267,049 from the U.S. Department of Housing and Urban Development (HUD) to administer the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs.

The state received an allocation of \$21,053,513 for the CDBG program. At least 70 percent of CDBG funds allocated to local governments will be used for activities that principally benefit low- and moderate-income persons. For these purposes, low- and moderate-income (LMI) persons are defined as having incomes at or below 80 percent of the area median income defined by HUD annually in March. As identified in our Consolidated Plan for years 2010 – 2014, our priority housing and community development needs that are addressed with CDBG funds are owner-occupied housing for elderly and LMI individuals, infrastructure for LMI communities, public services like day care centers and sheltered workshops who serve LMI individuals, and economic development activities to retain or create jobs that will employ LMI individuals.

HUD allocated \$6,071,825 to the State for the HOME program. Approximately 26 percent of the HOME funds were allocated to rental projects in the form of development subsidy. These projects also received federal low-income housing tax credits. The remaining funds were allocated to homebuyer, rental without tax credits, CHDO operating, and tenant-based rental assistance activities. IFA held two funding rounds in calendar year 2012 which developed and rehabilitated 58 rental units, assisted 80 homebuyers, and provided 263 households with rental assistance.

The Statewide ESG program underwent significant changes during the 2012 calendar year. Most changes were brought about in response to new federal regulations, which allowed new eligible activities and tightened the requirements dramatically for existing eligible activities. Changes were also made in response to a funding allocation for FY 2012 that was almost double the historic amount, plus an additional amount made available as a second allocation of FY 2011 funds. The State of Iowa (not including the cities that received additional individual allocations) was allocated a total of \$2,732,295 for the ESG program for federal FY 2012 plus \$858,607 in FY 2011 Phase II funds.

For the HOPWA program in calendar year 2012, the State drew \$405,944 in FY 2011 formula funding from HUD. The State sub-granted these funds to five agencies that together serve all 99 counties in Iowa. These are the same five agencies that the State worked with for several years on the HOPWA program. The 2012 funds will support the 2013 calendar year grant program, just as the 2011 funds supported the 2012 calendar year grant program.

PART A: Summary of Resources and Programmatic Accomplishments

1. Resources Made Available to the State

In 2012, the following federal resources were made available to the State for housing activities:

Iowa Community Development Block Grant (CDBG) Program

IEDA administers the state CDBG program, which is funded by HUD. The State sets aside 25 percent of CDBG funds for owner-occupied housing rehabilitation. CDBG funds are available on a competitive application basis to all counties and to cities with populations less than 50,000. In 2012, \$4,210,702 was available for housing rehabilitation through the CDBG program.

HOME Investment Partnerships Program

First funded in 1992, HOME is a federal program dedicated to affordable housing for low-income persons. IFA administers the State HOME program in Iowa, which is available statewide. Local governments, Community Housing Development Organizations (CHDOs), for-profit entities and nonprofit organizations are eligible through an annual competition for HOME funds. HUD allocated \$6,071,825 to IFA for the State HOME program.

Emergency Solutions/Shelter Grant (ESG) Program

HUD allocated a total of \$2,732,295 to IFA for federal FY 2012 plus \$858,607 in FY 2011 Phase II ESG funds; both were received in August 2012. This program is used to help individuals and families experiencing a housing crisis and/or homelessness to be quickly rehoused and stabilized. It is available through annual competition among local governments and eligible not-for-profit service providers.

Housing Opportunities for Persons with Aids (HOPWA)

The State of Iowa received \$405,944 from HUD for the HOPWA program for federal FY 2011; these funds supported the 2012 calendar year. The FY 2012 allocation totaled \$409,416; these funds will support the 2013 calendar year. These are formula funds, and the State works with five sub-grantees across the State that together serve all 99 counties in Iowa.

Low Income Housing Tax Credits

The IFA administers the Low Income Housing Tax Credit program in Iowa. It is available to investors for affordable rental housing projects. In 2012, \$10,191,008 in nine percent tax credits were awarded by IFA, creating or preserving 1,004 units for low income individuals.

Federal Weatherization Funds

The Iowa Department of Human Rights (DHR) received \$27,423,000 in FF12 from federal sources (the U.S. Department of Energy, including regular and American Recovery and Reinvestment Act funds, and Department of Health and Human Services) for housing weatherization for low-income persons. These funds are distributed to Community Action Agencies, which administer the local weatherization programs.

Federal Mortgage Revenue Bond and Tax Exempt Multi-Family Bond Programs

Federal Housing Programs administered by IFA included the FIRSTHOME program, which provided \$86,563,411 from mortgage revenue bonds to fund home purchases for 1,032 Iowa families in calendar year 2012.

In 2012, the following federal resources were available to the State for non-housing community development activities:

Iowa CDBG Program

Seventy-two percent of the State CDBG program is available for non-housing community development activities that principally benefit low- and moderate-income persons. CDBG funds are available on a competitive application basis to all counties and to cities with populations less than 50,000. In 2012, \$15,058,528 was available through the CDBG program for all non-housing community development activities. Of this, \$4,210,702 was set aside for economic development and job training programs. A special set-aside to meet emergency or special opportunities had a reserve amount of \$1,052,675. The remaining funds were available for the annual competition for public works, public/community facilities, and public services.

Clean Water State Revolving Fund

The U.S. Environmental Protection Agency annually provides capitalization grants for the Clean Water State Revolving Fund (CWSRF), a revolving fund for sewage treatment system improvements, as part of the Clean Water Act. Those grants are combined with a state match and interest and principal paid on existing loans to create a revolving loan pool. The Iowa CWSRF is jointly administered by IFA and the Iowa Department of Natural Resources (DNR). In FY 2012, over \$131,000,000 in loans were closed for municipal wastewater infrastructure improvement projects.

Drinking Water State Revolving Fund

The U.S. Environmental Protection Agency annually provides capitalization grants for the Drinking Water State Revolving Fund (DWSRF), a revolving fund for drinking water treatment system improvements, as part of the Safe Drinking Water Act. Those grants are combined with a state match and interest and principal paid on existing loans to create a revolving loan pool. The Iowa DWSRF is jointly administered by IFA and the Iowa DNR. In FY 2012, over \$54,000,000 in loans were closed for municipal drinking water infrastructure improvement projects.

2. Investment of Available Resources

Following is a discussion of actual investments in affordable housing for low- and moderate-income (LMI) persons and community development during 2012. Investments generally refer to funds the State awarded to a recipient, and some of the figures are based on estimates. This discussion is organized by the general priorities for housing and community development identified in the Consolidated Plan. The tables for each category show the breakdown of the investment and number of units by activity.

This year for CDBG, HOME, ESG, and HOPWA the state's objectives and outcomes were to create decent housing, suitable living environments, and economic opportunities that address availability, accessibility, affordability, and sustainability for the following specific performance indicators as discussed in the Consolidated Plan:

- Homeless – 888 persons served (ESG & HOPWA)
- Owner-Occupied houses – 235 houses rehabilitated (CDBG) for LMI households
- Housing – 110 homes purchased (HOME) for LMI households
- Rental – 300 units developed or rehabilitated (HOME) for elderly, LMI, or with special needs
- Rental – 30 households given tenant based rental assistance (HOME) for elderly, LMI, or with special needs
- Child Care – 8 facilities improved or constructed (CDBG) for LMI individuals
- Assistance to the disabled – 2 facilities or 250 persons (CDBG)
- Infrastructure – 30 water, sewer, or storm water upgrade projects (CDBG) for LMI communities
- Business – 800 jobs retained or created (CDBG) for LMI individuals

These goals and objectives have been translated into accomplishments for 2012. The following two tables represent the state's performance and supporting narrative.

Elderly Renter Households

The HOME Program invested \$1,205,000 to produce 28 affordable rental units for the elderly.

HOME Program (elderly)	\$1,205,000	28 units
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LMI Renter Households

The HOME Program invested \$3,865,400 to provide 321 affordable rental units for renter households.

HOME TBRA	\$590,400	263 units
HOME Program (new construction)	\$600,000	9 units
HOME Program Rental Rehabilitation	\$2,675,000	49 units

All other LMI Renters (special needs/disabled)

The HOME Program invested \$2,090,000 to provide 38 affordable rental units for special needs/disabled renters.

HOME Program (Special Needs/disabled)	\$2,090,000	38 units
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Existing LMI Homeowners

The State invested \$5,252,812 to assist existing low-income homeowners.

CDBG Program (rehabilitation)	\$ 5,252,812	142 units
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LMI Homebuyers (with and without children)

The State invested \$90,797,342 to help 1,892 low to moderate-income families purchase/rehabilitate homes.

HOME Program	\$2,182,475	80 units
Iowa Finance Authority (Homebuyer Loans)	\$85,863,411	1,032 units
Iowa Finance Authority (Down Payment Assistance)	\$2,051,456	780 units

Homeless Individuals and Families

The State invested \$2,151,976 to help homeless individuals and families through emergency and transitional shelter operations, street outreach, essential services, and homelessness prevention activities. These activities were supported by two sources of funds: federal ESG dollars and the state Shelter Assistance Fund. The source of funds is as follows:

Emergency Shelter/Solutions Grant Program	\$1,553,760
Shelter Assistance Fund	\$598,216

Non-housing Community Development

The table below summarizes that data for Program Year 2012, funding for the listed projects may have come from past years de-obligated or un-obligated funding.

Centers/Facilities	2	\$1,155,00
Water Projects	12	\$3,067,100
Sewer Projects	15	\$4,407,917
Façade Improvements	6	\$2,905,000
Administration (non-housing)	37	\$633,100
Street, Storm, Sidewalk	4	\$1,711,500

3. Performance Measures – 2012

The following table summarizes the state’s performance in 2012 using the nationwide Outcome Performance Measurements:

Table 2C Summary of Specific Objectives

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
DH-1 Availability/Accessibility of Decent Housing							
DH-1.1	Provide shelter and transitional housing to the homeless.	ESG	Number of homeless persons served.	2010	888	10,964	1,234%
				2011	888	11,648	1312%
		HOPWA		2012	888	5,839	658%
				2013	888	0	0
				2014	888	0	0
MULTI-YEAR GOAL				4,440	0	0	
DH-2 Affordability of Decent Housing							
DH-2.1	Provide affordable, decent housing with owner-occupied rehabilitation	CDBG	Owner-Occupied houses rehabilitated.	2010	235	271	115%
				2011	235	196	83%
				2012	235	254	108%
				2013	235	0	0
				2014	235	0	0
MULTI-YEAR GOAL				1,175	0	0	
DH-2 Affordability of Decent Housing							
DH-2.2	Provide affordable, decent housing through assistance to households seeking homeownership.	HOME	Homes purchased with assistance	2010	110	94	85%
				2011	110	92	84%
				2012	110	80	73%
				2013	110	0	0
				2014	110	0	0
MULTI-YEAR GOAL				550	0	0%	
DH-2 Affordability of Decent Housing							
DH-2.3	Provide affordable, decent housing through assistance for rental units.	HOME	Units developed or rehabilitated for renters	2010	300	117	39%
				2011	300	115	38%
				2012	300	58	19%
				2013	300	0	0
				2014	300	0	0
MULTI-YEAR GOAL				1,500	0	0	

Table 2C Summary of Specific Objectives

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
DH-2 Affordability of Decent Housing							
DH-2.4	Provide affordable, decent housing through assistance to tenants for rental housing.	HOME	Households given rental assistance	2010	30	30	100%
				2011	30	75	250%
				2012	30	263	867%
				2013	30	0	0
				2014	30	0	0
MULTI-YEAR GOAL				150	0	0	
DH-3 Sustainability of Decent Housing							
DH-3.1				2010	0	0	0
				2011	0	0	0
				2012	0	0	0
				2013	0	0	0
				2014	0	0	0
MULTI-YEAR GOAL				0	0	0.00%	
SL-1 Availability/Accessibility of Suitable Living Environment							
SL-1.1	Provide assistance to Day Care facilities to make a suitable living environment available and accessible.	CDBG	Day Care Facilities Assisted	2010	6	4	66%
				2011	6	4	66%
				2012	6	1	6%
				2013	6	0	0
				2014	6	0	0
MULTI-YEAR GOAL				30	0	0	
SL-1 Availability/Accessibility of Suitable Living Environment							
SL-1.2	Provide assistance to other public facilities to make a suitable living environment available and accessible.	CDBG	Facilities Assisted	2010	2	2	100%
				2011	2	3	150%
				2012	2	13	154%
				2013	2	0	0
				2014	2	0	0
MULTI-YEAR GOAL				10	0	0	
SL-1 Availability/Accessibility of Suitable Living Environment							
SL-1.3	Provide assistance to facilities serving the disabled to make a suitable living environment available and accessible.	CDBG	Persons with disabilities served	2010	250	178	71%
				2011	250	420	168%
				2012	250	453	180%
				2013	250	0	0
				2014	250	0	0
MULTI-YEAR GOAL				1,250	0	0	

Table 2C Summary of Specific Objectives

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
SL-2 Affordability of Suitable Living Environment							
SL-2.1				2010	0	0	0
				2011	0	0	0
				2012	0	0	0
				2013	0	0	0
				2014	0	0	0
MULTI-YEAR GOAL				0	0	0.00%	
SL-3 Sustainability of Suitable Living Environment							
SL-3.1	Provide assistance to Day Care facilities to make a suitable living environment sustainable.	CDBG	Day Care Facilities Assisted	2010	1	1	100%
				2011	1	3	300%
				2012	1	1	100%
				2013	1	0	0
				2014	1	0	0
MULTI-YEAR GOAL				5	0	0	
SL-3 Sustainability of Suitable Living Environment							
SL-3.2	Provide assistance to communities to upgrade water and sewer facilities in order to make a suitable living environment sustainable.	CDBG	Number of water/sewer systems upgraded	2010	25	34	136%
				2011	25	63	252%
				2012	25	38	152%
				2013	25	0	0
				2014	25	0	0
MULTI-YEAR GOAL				125	0	0	
Specific Objectives							
EO-1 Availability/Accessibility of Economic Opportunity							
EO-1.1	Assistance to businesses to create or retain jobs	CDBG	Jobs created/retained	2010	800	595	74%
				2011	800	1,336	167%
				2012	800	1,072	134%
				2013	800	0	0
				2014	800	0	0
MULTI-YEAR GOAL				4,000	0	0	
EO-1 Availability/Accessibility of Economic Opportunity							
EO-1.2	Day care facility to allow accessibility of Economic Opportunity	CDBG	Day Care Facilities Assisted	2010	1	0	0
				2011	1	0	0
				2012	1	0	0
				2013	1	0	0
				2014	1	0	0
MULTI-YEAR GOAL				5	0	0	

Table 2C Summary of Specific Objectives

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Program Year	Expected Number	Actual Number	Percent Completed
EO-2 Affordability of Economic Opportunity							
EO-2.1				2010	0	0	0
				2011	0	0	0
				2012	0	0	0
				2013	0	0	0
				2014	0	0	0
MULTI-YEAR GOAL				0	0	0.00%	
EO-3 Sustainability of Economic Opportunity							
EO-3.1	Sustain Economic Opportunities through the upgrading of water/sewer systems.	CDBG	Number of water/sewer systems upgraded.	2010	5	0	0
				2006	5	0	0
				2011	5	0	0
				2012	5	0	0
				2013	5	0	0
MULTI-YEAR GOAL				25	0	0	
CR-1 Community Revitalization							
CR-1.1				2010	0	0	
				2011	0	0	
				2012	0	0	
				2013	0	0	
				2014	0	0	
MULTI-YEAR GOAL				0	0	0.00%	
O-1 Other							
O-1.1				2010	0	0	
				2011	0	0	
				2012	0	0	
				2013	0	0	
				2014	0	0	
MULTI-YEAR GOAL				0	0	0.00%	

4. Narrative Discussion of Performance

The State of Iowa and its communities made significant progress in FY 12 in carrying out the affordable housing strategies and priorities identified in the Consolidated Plan. It should be noted that the achievements referenced above tend to be in the highest of the lower-income categories (51 to 80 percent of median family income). Consolidated Plan goals were not established according to income category, so it is impossible to make direct comparisons between goals and accomplishments by income category.

The greatest frustration IEDA & IFA continue to face is the overall shortage of funds in relation to the existing needs. Citing figures from the Consolidated Plan, persons involved with affordable housing in Iowa point out the State is able to serve only a small percentage of the probable total number of households in need. This suggests that in addition to attempts to increase the availability of public funds for affordable housing from any and all sources, the State must work harder to leverage private funding resources, and to better target types of assistance and recipients. We expect that this will be a growing issue as the state and federal government struggle to address growing deficits and meet other public policy goals including economic growth and job creation. For the CDBG program, some changes in program rules and procedures were made in recent years in attempts to better target available funding. The State's financial underwriting efforts generally have reduced the public subsidy amount from funds requested, substituting greater private participation in projects than initially proposed by the applicant. Additional funding sources to support affordable housing are desperately needed.

In 2012, IFA completed a comprehensive statewide housing study, which includes an analysis of Iowa's current housing stock and the results of public forums on housing needs. The study also includes detailed regional housing conditions and demographic trends for use by local housing and planning officials. The study was commissioned by the Iowa Finance Authority and completed by RDG Planning & Design and Gruen Gruen + Associates. The full study is available at IowaFinanceAuthority.gov.

The study details the most critical housing priorities over the next five years as workforce housing, affordable senior housing, accommodating preferences of elderly to age in place and the preservation of affordable multifamily units. Several positive housing trends are also highlighted in the study including:

- Iowa's housing stock remains more affordable than most other states and regions of the country.
- Iowa's homeownership rate remains approximately six percentage points higher than that of the rest of the country.
- The rate of foreclosure in Iowa continues to be considerably lower than many other states.
- Workforce households and housing demand growth is expected to be strong over the next several years.

The study concluded that the average household income in Iowa, when adjusted for inflation, declined slightly over the decade from 2000 to 2010 by \$2,000 or three percent. In 66 of Iowa's 99 counties, real median household income declined. Consistent with an aging population,

declining real wages, and an increasing number of lower-skilled immigrant laborers in some regions, the distribution of household income shifted over the decade. The number of households with annual income of less than \$35,000 grew by approximately 60,000 over the decade.

Conversely, the study showed that Iowa housing values increased faster than inflation over the decade. Relative to household incomes, the median cost of a home in Iowa grew by 23 percent over the decade (compared to a 26 percent increase nationwide). The median monthly cost of a rental unit in Iowa, as a percentage of income, grew from 14 to 16 percent over the decade. Again, this is not an experience unique to Iowa, but a widening gap between incomes and housing costs does present challenges - particularly as it relates to housing new and younger members of the workforce who, more often than not, occupy existing units of the housing stock.

This widening gap between income and housing cost may increase IFA's emphasis on rental assistance programs to assist individuals immediately. IFA assisted over 260 households with rental assistance in 2012. The low administrative costs in implementing a rental assistance program leads IFA to believe that this may be one way to help bridge the gap in a quick and effective manner.

The Homeless Prevention and Rapid Rehousing Program allowed the state to meet the needs of those precariously housed by keeping "to be evicted" households in their current residences, and to move newly homeless households into permanent housing through the use of rent subsidy and other assistance. The HPRP ended in July of 2012, so IFA is taking the lessons learned through this source, and evaluating how to use existing state and federal funds to reach households that are on the verge of homelessness.

The number of persons served with ESG this year continued to be significantly higher than the 888 projected during the last Consolidated Plan. 5,839 clients served with ESG were recorded in the HMIS system. This number is significantly lower than the number reported in the previous two years. This change is due largely to the method of reporting. Previous counts included HOPWA clients served, because it is listed in the table. However, the HOPWA program in practice rarely serves literally homeless clients; most served are low-income and vulnerably-housed, but not homeless. Finally, previous counts included clients served with a combination of Shelter Assistance Fund dollars and ESG dollars lead to almost double the reported numbers of clients served with some degree of ESG funds. The number this year represents a truer count of persons served through the ESG program, in both of these respects.

The I-Jobs Public Service Shelter Grant program also completed its course in 2012. This program provided state investment in affordable housing and homeless and domestic violence shelters, while providing construction related employment. Seventeen shelters received \$10 million in grants from the I-Jobs Public Service Shelter Grant program for new construction and rehabilitation that improved energy efficiency and accessibility. 723 new shelter beds were created as a result of this program.

The Continuum of Care Program, for which new regulations in 2012 combined the old Shelter Plus Care and Supportive Housing Programs, brought new possibilities. As the approved Collaborative Applicant for the Iowa Balance of State Continuum of Care, the Iowa Finance

Authority was the only agency with the ability to apply for newly-available planning funds. If awarded, these funds represent a significant opportunity for more sustained planning and coordination efforts. The funds will also significantly change IFA's role in relation to the Iowa Council on Homelessness, which is the decision-making body for the continuum.

The State does not expect the basic priorities and objectives established in its 5-year strategy to change significantly in the future. However, IEDA has made some changes in the way it carries out its strategy, especially to provide a greater emphasis on "green" development and sustainability. Some of these changes that affect the rating systems for CDBG awards have been described in the past Action Plans. The demand for federally funded Child Care centers does not seem to be as prevalent in recent years as it has in the past. The State CDBG program has been investing in quality Child Care center construction for over 10 years and the effects could be that the need has been met. In the next consolidated plan the State will research to see if our goals as they relate to this objective need to be re-evaluated.

The State continues to support job creation and retention. In the last few years there has been a decline in demand for CDBG supported job creation and retention. The State can fund expansion of operations by way of construction and the purchase of machinery and equipment as well as the extension of public works infrastructure to businesses. In 2012, the Department contracted with Cloudburst consulting firm to thoroughly review the states rules, policies, and procedures to the EDSA/PFSA funds to determine what changes need to be made that will result in the funds being fully utilized to create 800 jobs annually.

IEDA has been able to provide CDBG funding using the urgent need national objective to help communities deal with health and safety issues related to poor quality drinking water, the effects of natural disasters, and sometimes even economic impacts from plant closures. This funding is a critical resource for Iowa's communities who are faced with uncertainty due to environmental and economic conditions beyond their control. In addition, Iowa is deeply involved in the administration of CDBG Disaster funding relating to the flooding in the spring of 2008, and in administering Neighborhood Stabilization Program funding statewide. These programs will add significantly to the State's total housing units built and rehabilitated during the 2009, 2010, 2011, 2012, 2013 Program Years, and possibly even longer.

5. Monitoring:

IEDA & IFA continue to monitor progress in reaching goals identified in the Consolidated Plan. The State will encourage eligible entities around the state to submit applications in areas of greatest need as identified in the Consolidated Plan and emphasized in the annual action plan. Through annual application workshops and technical assistance visits to areas around the state we can emphasis available resources to meet housing and non-housing needs. Every year we have an opportunity to review our progress and change our programs to better assist individuals in Iowa.

There is also a formal monitoring component to funded projects. The purpose of formal monitoring is to provide technical assistance, determine the status of grant funded activities,

review the recipient's grant management system, and evaluate compliance with state and federal rules and regulations.

CDBG Program

IEDA has had responsibility for the CDBG program since 1982, and has developed thorough and effective monitoring procedures for the program. These include compliance reviews of applications, monitoring during project implementation with progress reports from recipients and on-site visits once construction has begun. There is also a formal procedure for closing projects involving documentation to be submitted by recipients, auditors (if applicable), and verification by special trained staff. It is IEDA's standard policy that every CDBG grant recipient shall be monitored on-site at least once prior to grant closeout. There are no exceptions to this policy.

1. Off-Site Monitoring

Off-site monitoring, or sometimes referred to as desk monitoring, does not substitute on-site monitoring. Off-site monitoring is conducted on an ongoing basis and includes general review of project activities and communications to determine if the project is on track and the rules and regulations are being followed. Reviewing draw requests to evaluate project progress, running reports on financial activity or inactivity of the grant recipient, evaluating steps taken by the recipient to ensure compliance with environmental reviews, and day to day correspondence with personnel involved with the grant project are just a few examples of ongoing, off-site monitoring activities. The Housing program also receives quarterly performance reports. These are reviewed on an on-going basis for recipient compliance.

2. On-Site Monitoring

As a general rule, onsite monitoring visits shall be conducted in accordance with the following CDBG drawdown thresholds:

Water & Sewer Fund	50%	CDBG funds drawn
Community Facilities	50%	CDBG funds drawn
Opportunities & Threats	30%	CDBG funds drawn
Housing	50%	CDBG funds drawn
Downtown Revitalization	50%	CDBG funds drawn

Once a project has met this threshold, the project manager should begin making plans to monitor the project. These thresholds were established in order to make certain the project was at a state of readiness so that a majority of the monitoring performance measure would be underway or completed.

If a grant recipient submits a large draw request that increases the percentage of CDBG funds drawn well beyond threshold outlined above, the Program Manager shall conduct a monitoring visit as soon as possible, but no later than three weeks following the draw request that exceeds the above threshold.

On site monitoring shall be conducted as needed at the Program Manager's discretion prior to reaching the above thresholds. Examples of when monitoring may need to be conducted outside of standard policy include, but is not limited to, working with a new grant

administrator, projects that are expected to be completed expeditiously, recipient had areas of non-compliance while working on previous grant award, or areas of concern arise as part of the off-site monitoring activities.

3. On-Site Monitoring Review Process

When conducting on-site monitoring visits, Program Managers shall make every attempt to monitor at the grant recipients office, most often this is City Hall. The Chief Elected Official and the City Administrator/City Clerk shall be invited, along with the grant administrator.

Program Managers shall complete the CDBG Monitoring Checklist worksheet during each monitoring visit. Every attempt shall be made while on-site to answer every question on this worksheet. Specific areas of review include, as appropriate, but not limited to:

- National Objective
- Citizen Participation
- Environmental
- Financial Management
- Procurement
- Contract Management (Administration)
- Contract Management (Architectural/Engineering)
- Contract Management (Professional Services)
- Contract Management (Construction)
- Labor Standards
- Civil Rights (Section 3, EEO, Fair Housing, MBE/WBE)
- Acquisition and Relocation
- Property Management
- File Management

Program Managers shall reserve time following a comprehensive on-site review to go over any deficiencies discovered during the monitoring visit with the Chief Elected Official and grant administrator. The Program Manager shall provide advice for corrective action. Following this wrap-up meeting, there should be no surprises when the grant recipient receives the follow-up letter. During the on-site review the project will also be visually inspected.

4. Monitoring Follow-Up

A formal follow-up letter shall be sent following every on-site monitoring visit. Program Managers shall send this letter no later than ten (10) business days following an on-site review. Included in the follow-up letter shall be a list of activities the recipient is doing well, areas for improvement, as well as corrective action needed.

Any deficiencies included in the follow-up letter shall provide information on how to cure any such deficiencies. Typically, recipients shall have 30 calendar days to cure deficiencies or face non-compliance status.

5. Recipient Non-Compliance

If repeated attempts by the Program Manager to cure areas of non-compliance are unsuccessful, the Program Manager shall work with the Team Leader to formally notify the grant recipient that corrective action is necessary, or face penalties, which could include, but not limited to, delay of payment of remaining funds, ability to secure future IEDA grants, or repayment of existing grant funds.

If there is still no action taken on behalf of the grant recipient to cure the outstanding deficiencies, the Division Coordinator and Division Administrator shall determine the consequences for such inaction. The consequences shall be based on the severity of the deficiency, the state and federal rules and regulations governing the area(s) of non-compliance, the impacts to the community, and consequences to IEDA. The grant recipient shall be notified of the decision by the Division Administrator by official letter.

The grant recipient shall have the ability to appeal the decision by the Division Administrator to the Director of the Iowa Economic Development Authority. The Director shall have the authority to reverse any previous decision and make the final decision on the penalty, if any, to be enforced.

IEDA reviews the CDBG timely expenditure reports provided by HUD monthly. Although states do not have a required expended to unexpended ratio, Iowa works very hard to diligently expend funds. The State encourages recipients to start the environmental review process for projects immediately after award to insure a timely release of funds. Project managers frequently check in with project recipients to insure compliance with program requirements and to encourage progress.

HOME Program

IFA continues to minimize the number of activities that exceed the 120-day deadline for inactivity following the last draw. Processes implemented in 2011 have helped limit these occurrences.

IFA continues to maintain a high occupancy rate of completed HOME units. The State of Iowa has a 100 percent occupancy rate which is above the national average of 99.02 percent (according to the 9-30-12 Snapshot of Home Performance Report).

The allocation team sends a “close-out” letter to the recipient once the HOME funds have been expended. The letter specifies the long-term compliance requirements such as the affordability period, the number of high/low rent units, and if the units are fixed or floating and provides the contact in the compliance team. A copy of HUD’s HOME rental compliance manual (from the CPD resource center) is also provided to recipients.

IFA is responsible for ensuring that HOME funds in their period of affordability are in accordance with all program requirements. Additionally, the IFA is responsible for determining the adequacy of performance under their contracts and for taking appropriate action when performance is inadequate or problems arise. IFA is working with a private inspection firm to provide even more expertise and services to the projects and increase the safety for the tenants during the compliance period. Safe Building Compliance and Technology (SBCT) will be

examining the mechanical systems to ensure they are working properly and determine if they meet all of the current building code requirements. SBCT will also provide an estimated “useful life” on systems and major structural components.

IFA’s compliance team is responsible for monitoring HOME projects in their affordability period which were funded by IFA and also by the previous PJ, IEDA. Currently, monitoring activities include reviewing the annual certification documents received from owners, conducting file audits and performing site visits and unit inspections to ensure that the projects are providing safe, sanitary housing and abiding by the HOME program guidelines. IFA utilizes a web-portal to allow direct and efficient communication between property owners and managers, IFA and SBCT.

With over 600 HOME and LIHTC projects containing over 22,000 units, IFA has designed a monitoring plan that will allow us to effectively and economically fulfill our monitoring responsibilities to both HUD and the Internal Revenue Service. As more and more properties use a variety of funding sources, IFA strives to use the strictest regulations when there is a conflict; this determination also allows us to be more consistent between properties regardless of the program.

IFA’s process is broken down into two components:

- Physical Inspections –Physical Inspections will be performed by our contractor, Safe Building Compliance & Technology (SBCT). SBCT was selected as our inspection partner in August 2012 as a result of an RFP process and will be providing their services state-wide over the next three years. However, if a project is in its first year of long-term compliance, IFA’s Asset Manager will do the first inspection to raise awareness of the responsibilities required of a project and to affirm IFA’s commitment to the project’s success.
- File Reviews & Project Level Compliance –Will be conducted by IFA staff; each of our four full-time compliance officers is assigned a geographic region to oversee the monitoring process. Additionally a part-time compliance officer will be available to float between regions as needed.

IEDA & IFA will continue to monitor progress in reaching goals identified in the Consolidated Plan. The State will encourage eligible entities around the state to submit applications in areas of greatest need as identified in the Consolidated Plan and emphasized in the annual action plan. Through annual application workshops, subrecipient and developer new award training sessions, and technical assistance visits to areas around the state we can emphasize available resources to meet housing and non-housing needs. Every year we have an opportunity to review our progress and change our programs to better assist individuals in Iowa.

6. Geographic Distribution and Location of Investments

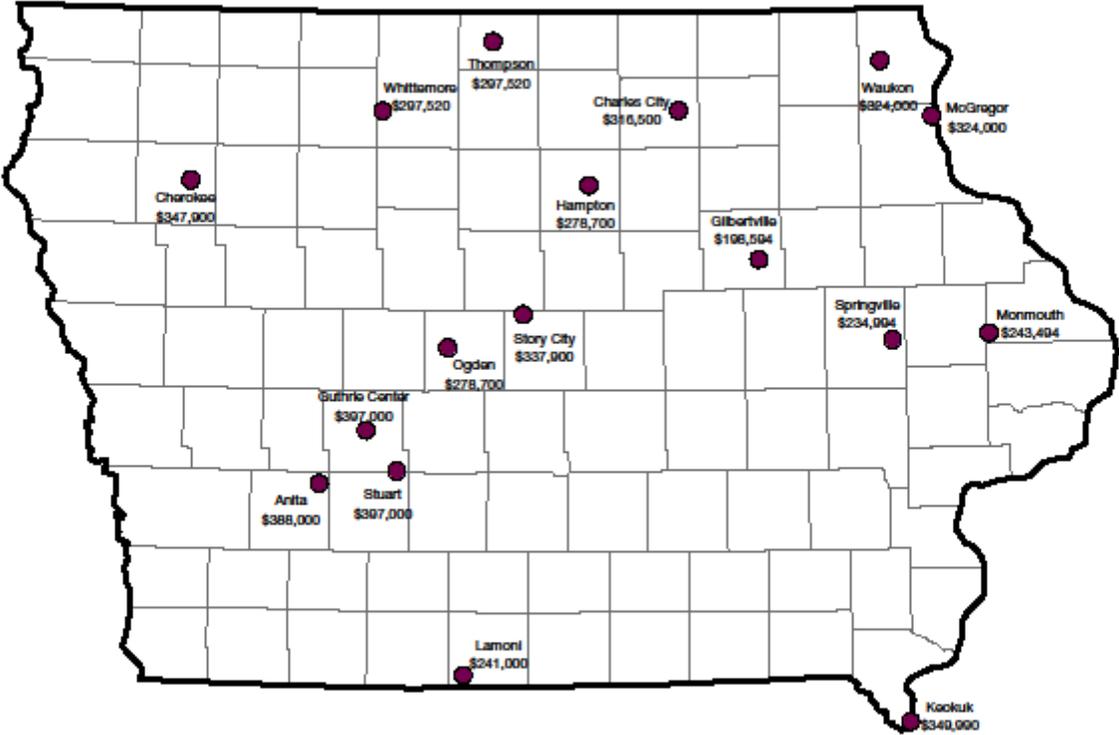
The maps on the following pages show the geographic distribution of the State's investment of available resources. The first map shows the distribution of FY 12 housing awards made through the HOME program. The second map shows the CDBG Owner-Occupied rehabilitation program. The third map shows the distribution of FY 12 awards made through the ESG and HOPWA programs. The fourth map shows the distribution of CDBG awards for non-housing community development projects during FY 12. The fourth map shows the distribution of resources in areas of minority concentration.

The maps show the State making investments in a number of metropolitan and non-metropolitan counties. While several major urban areas appear to have a concentration of projects, many rural areas also received awards. These areas often are smaller communities experiencing economic growth, with a shortage of affordable housing for low-income residents.

The CDBG competitive programs are shown on the attached map. Awards that are made on an as needed basis or part of a non-competitive award process are not shown on the attached maps. Examples such awards include the economic development awards, downtown revitalization awards, and opportunity and threats awards.

Local interest and initiative in developing and carrying out programs and projects control the geographic distribution of the State's investments in affordable housing and non-housing community development. In an effort to distribute awards statewide, the State conducted outreach activities, including ongoing contacts and meetings with regional groups, such as Councils of Governments and Community Action Agencies.

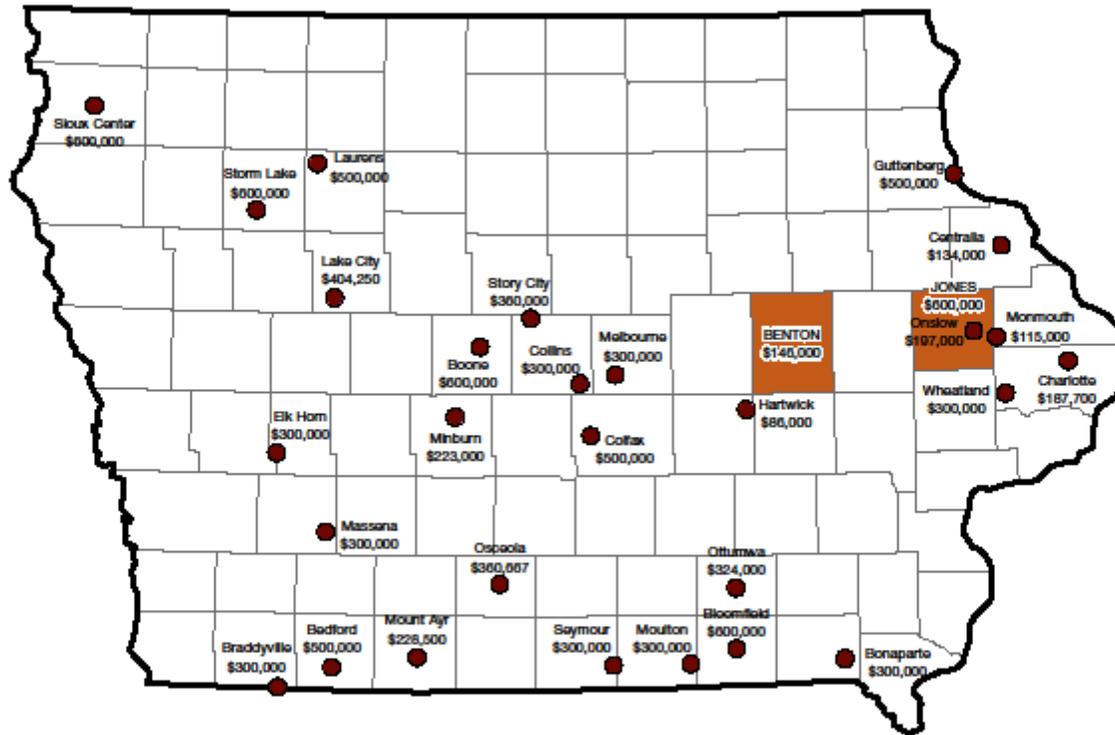
2012 CDBG HOUSING AWARDS



LEGEND

● CDBG Housing Community

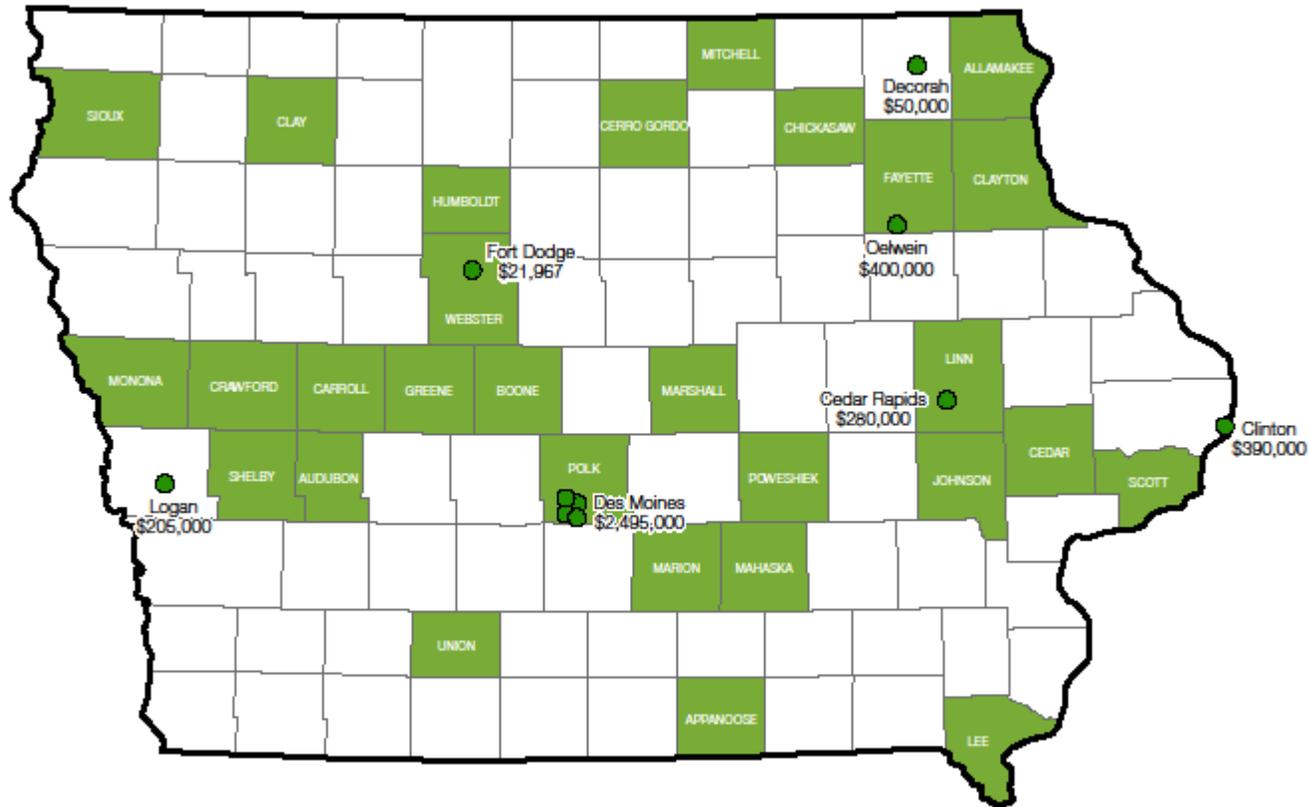
2012 CDBG NON-HOUSING AWARDS



LEGEND

- CDBG WS & CF Community
- CDBG WS & CF County

2012 HOME PROGRAM AWARDS

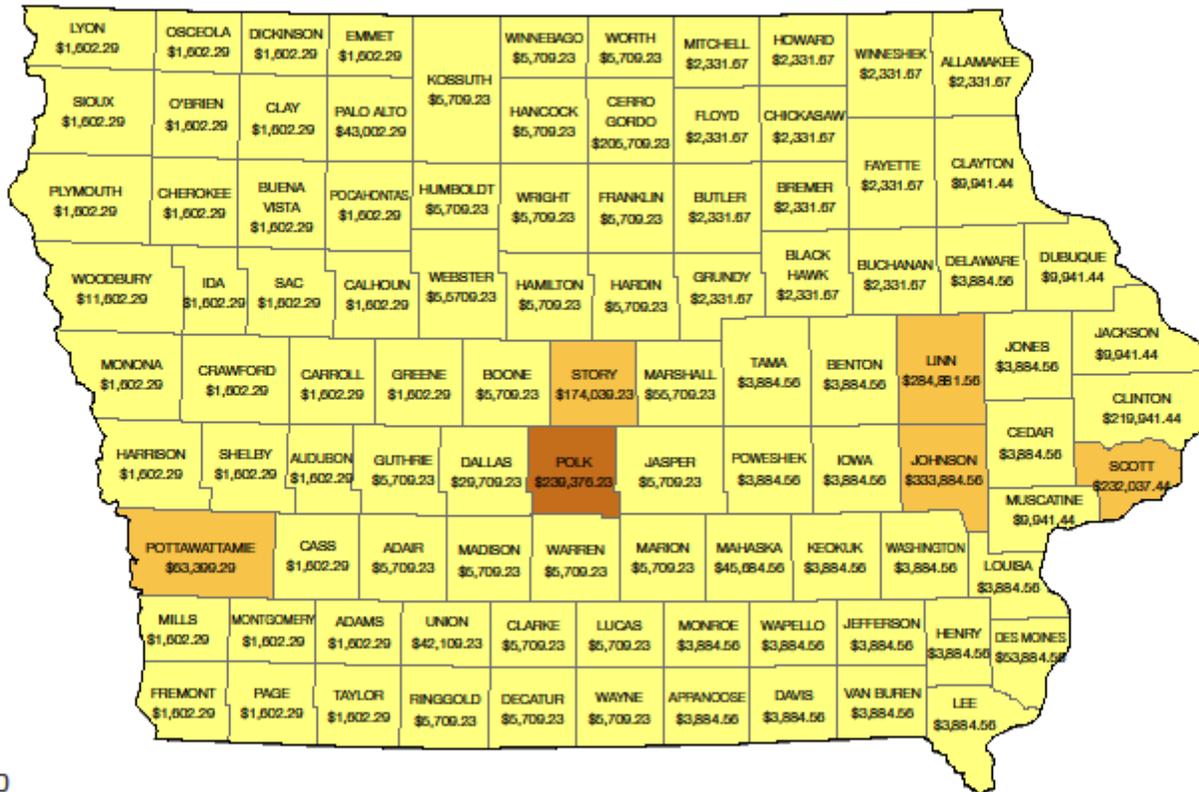


LEGEND

- HOME Housing
- HOME Programs Servicing Multiple Jurisdictions - \$2,305,408



2012 ESG & HOPWA AWARDS



LEGEND
 1 - 2
 3 - 5
 6 - 8
 8 and above

7. Families and Persons Assisted

CHAS Annual Performance Report Table 1 on page 32 shows the specific data on the State's housing accomplishments in 2012 in providing assistance to low- and very low-income households, renters, owners, homeless persons and persons with special needs. These data are based on HOME and CDBG-funded projects completed within the reporting period. Specific data on persons assisted through non-housing community development projects (i.e., CDBG-funded projects) can be found in the PER data sheets in the appendix to this document.

Documentation of Assistance Provided

The State collects data concerning assistance provided to each household (or person) from funded entities. Recipients of federal funds through the State are responsible for maintaining documentation of assistance necessary to support the data.

8. Actions Taken to Affirmatively Further Fair Housing

The State is committed to fair housing. IEDA & IFA demonstrate the State's commitment to fair housing through its policies, procedures and practices. These are conveyed through workshops, contractual language, management guide instructions and technical assistance. IEDA's *CDBG Management Guide*, which is distributed to program recipients, contains sections on fair housing and affirmative marketing. The sections provide guidance for achieving goals. Recipients pattern their fair housing efforts from the guide, which includes these recommendations:

- Publicize that the local government will assist persons experiencing discrimination in housing. Such assistance can be in the form of facilitating the filing of a complaint with HUD or the Iowa Civil Rights Commission.
- Develop and adopt a fair housing ordinance and identify the methods of enforcement.
- Provide housing counseling services which assist minorities and women seeking housing outside areas of concentration.
- Work with local real estate brokers to form a Voluntary Area-wide Marketing Agreement.
- Work with local banks to end "redlining" practices and to post "equal lending opportunity" advertisements.
- Use "equal housing opportunity" slogan and logo on city/county letterhead and brochures.
- Sponsor fair housing seminars and campaigns.
- Work with minority and women leaders in the area to promote housing development and increase minority and female participation.
- Help local housing developers develop outreach programs to attract minorities and females.
- Review zoning ordinance and comprehensive plans to insure they promote spatial deconcentration of assisted housing units.
- Make city-owned property located outside areas of concentration available to developers at no or nominal costs for construction of assisted units particularly for large family units.

- Develop an Area-wide Housing Opportunity Plan.
- Support fair share housing allocation plans.
- Create a local housing authority.
- Conduct studies to ensure that minority and female housing needs are adequately defined.
- Adopt a code enforcement ordinance that will compel landlords to keep their units in safe and sanitary condition.
- Publicly advertise that the city is a “fair housing city” (See the sample “Public Notice”).
- Work with local real estate brokers and mortgage lenders in reviewing mortgage credit analysis and underwriting criteria.
- Provide fair housing counseling programs that include information on fair housing rights and the availability of housing in a variety of locations, emphasizing housing choice.
- Modify local ordinances and land use measures in pursuit of housing opportunity.
- Support training and education programs for real estate agents, housing managers, city officials and others to increase knowledge of techniques for promoting economically and racially integrated housing. They may also carry out promotional activities to initiate housing proposals in areas outside those with a high proportion of lower-income persons.

IFA provides a HOME Program Guide to Rental, Homebuyer, and TBRA recipients, which provides guidance on civil rights and fair housing. In addition, HOME recipients and developers must submit an Affirmative Marketing Plan that addresses the following:

- methods to inform the public, owners and potential tenants about their fair housing rights;
- a description of how the recipient/owner will affirmatively market HOME-assisted housing;
- a description of how the recipient/owner will provide special outreach to persons not likely to apply for assistance;
- maintenance of records documenting actions to affirmatively market housing;
- a description of how affirmative marketing efforts will be assessed and corrective actions taken when needed.

Updated guidance on how to write an Affirmative Marketing Plan has been distributed to HOME funded projects and placed on the IFA website. IFA staff provides recommendations and technical assistance to projects so that the Affirmative Marketing Plans submitted are meaningful and provide the apartment manager with a better understanding of his/her responsibility under the law. Several educational opportunities have been provided including applicant training sessions, post-award orientation to the HOME program, and break-out sessions at the HousingIowa conference on finding sources for affirmative marketing outreach, and fair housing.

Affirmative marketing activities must be part of the ongoing administration of rental projects throughout the term of affordability, and the monitoring compliance team confirms that affirmative marketing activities are ongoing.

IFA's monitoring of HOME recipients in 2012 found several examples of outreach in Affirmative Fair Marketing efforts. Special correspondence by the recipient was prepared to market homes and apartments by sending notices and documenting efforts made to market offerings provided. The recipient was responsible for clearly identifying targeted group(s). Advertising included typical advertising methods as well as non-traditional outreach methods which the recipient was required to document. A recent addition to marketing efforts is advertising on foreign language radio and newspapers in areas of significant ethnic concentration. The plan required the recipient to identify targeted groups through marketing to sources below which include but are not limited to:

- Churches
- Community Agencies
- Regional or State Agencies
- Advocacy Groups
- Publications directed to a targeted group(s)
- Special obligation to market to persons with disabilities (Section 504)

IEDA project managers provide technical assistance to recipients in the area of fair housing. Additionally, through project monitoring, IEDA reviews each recipient's fair housing performance. If noncompliance with fair housing policies and procedures is indicated, further action is taken. IEDA did not identify any cases of noncompliance in 2012. One IEDA project manager is assigned fair housing as a specialty area. That individual is listed with the HUD Fair Housing Information Clearinghouse and serves as a resource person on fair housing issues.

IFA coordinated efforts this year with the Iowa Civil Rights Commission staff and VISTA members in fair housing and affirmative marketing initiatives throughout the year. This included fair housing presentations and education, and outreach through events and distributed fair housing materials.

Totals for the Entire Year of 2012

1. Education and Outreach
 - a. Total Number of Fair Housing Presentations/Outreach Events: 37
 - b. Total Number of Publications Distributed: 12,165
 - c. Total Number of People Reached: 32,567

2. Fair Housing Testing
 - a. Total Tests by the Iowa Civil Rights Commission: 305
 - b. Total Tests Revealing Possible Discrimination: 35
 - c. Total Commission-Initiated Complaints: 23

3. Fair Housing Filings and Closures
 - a. Housing Complaints Filed: 143
 - b. Housing Complaints Resolved: 144

Some of the events across Iowa included:

- Many private landlord trainings

- Iowa Landlords Association
- Fair Housing Workshops in Sioux City, Des Moines, Cedar Falls, West Des Moines, Urbandale, Ankeny, Ottumwa, Upper Explorerland Regional planning Commission, Newbury Companies, Hubbell Companies
- Muscatine Center for Social Action
- Iowa State Fair
- YMCA
- Des Moines Senior Citizen Community Center
- League of Cities news Articles
- Statewide Special Education Conference “pursuing the promise”
- Moving Iowa Radio Show
- Iowa State Fair booth
- College students at DMAACC
- Iowa Housing Conference
- Iowa CDBG recipient workshop

Another aspect was the testing component where testing on discrimination in Iowa was conducted. Testing involved selecting apartment sites, going to their internet sites, phoning and/or visiting the sites. Following are some (but not all) of the testing:

- Staff tester, Sylvia Owens, worked with Iowa Civil Rights Commission testing coordinator, Kerry Hainline, in conducting 415 tests for possible discrimination. Of these tests, 57 showed possible discrimination; and 49 resulted in Commission-initiated complaints.

By the end of 2012, 161 housing complaints have been filed and 181 housing complaints were resolved.

An IFA staff person works with the Olmstead Task Force as a housing consultant, and assists the Task Force in identifying ways that the state can reduce barriers to accessible and affordable housing for people with disabilities. IEDA, like all state agencies, has an assigned representative to the Olmstead Task Force, and meet on a quarterly basis.

CHAS Annual Performance Report Table 1

U.S. Department of Housing and Urban Development
Office of Community Planning and Development

Households & Persons
Assisted with Housing

Comprehensive Housing Affordability Strategy (CHAS)
Instructions for States

Name of State													FY:	
State of Iowa													1/1/2012 - 12/31/2012	
Assistance Provided by Income Group	Renters					Owners			Homeless *		Non-Homeless Special Needs (L)	Total (M)	Total Section 215 (N)	
	Elderly 1 & 2 Member Households (A)	Small Related (2 to 4) (B)	Large Related (5 or more) (C)	All Other Households (D)	Total Renters (E)	Existing Homeowners (F)	1st-Time Homebuyers		Total Homeowners (I)	Individuals (J)				Families (K)
							with Children (G)	All Others (H)						
1. Very Low-Income (0 to 30% of MFI)**	10			7	17	25	3	3	31	1,832	2,975		4,855	
2. Very Low-Income (31 to 50% of MFI)**	31	8		12	51	57	15	10	82				133	
3. Other Low-Income (51 to 80% of MFI)**	36	35	3	25	99	77	31	51	159			0	258	
4. Total Low-Income (lines 1+2+3)	77	43	3	44	167	159	49	64	272	1,832	2,975	0	5,246	0

* Homeless Families and individuals assisted with transitional or permanent housing.

** Or based on HUD adjusted income limits, if applicable.

column F = HOME (10) and CDBG

5. Racial/Ethnic Composition of line 4, column (M) Total Low Income		
1.	Hispanic	464
Non-Hispanic		
2.	White	3,300
3.	Black	1,153
4.	Native American	125
5.	Asian & Pacific Islander	36
6.	Other	168
7.	Total (must equal Total on line 4, column (M))	5,246

9. Assessment of Other Actions

Minority- and Women-owned Business Outreach

The State requires recipients to solicit participation of minority- and women-owned business enterprises (MBE/WBEs) in contracting under the CDBG and HOME programs. Recipients are to include qualified MBE/WBEs on solicitation lists and to solicit their participation whenever they are potential sources. The State has an ongoing program of identifying and targeting MBE/WBEs. A component of this effort is the targeted small business certification program operated by the Iowa Department of Inspections and Appeals (DIA). The listing of certified Targeted Small Businesses is available on DIA's website, www.state.ia.us/government/dia. IEDA's records of contracting in the CDBG program show recipients contracted with 13 MBE/WBEs in 2012 for contracts in excess of \$10,000 per contract. IFA's records of contracting in the HOME program show recipients contracted with zero MBE/WBE's in 2012.

Public Policies

The Consolidated Plan did not commit the State to any specific actions to remove or reduce negative effects of public policy. However, to be proactive, the State continuously monitors public policy and is watchful for issues that may relate to affordable housing and community development. Generally, policies that negatively affect development in more urban areas are not prevalent in Iowa. The State is fortunate that growth controls, excessive regulations, inordinate developer fees, rent control and other potentially negative public policies are not critical problems in Iowa.

Institutional Structure

The Consolidated Plan did not commit the State to any specific actions in the year 2011 to improve its institutional structure for carrying out the housing strategy.

IFA has an ongoing relationship with other housing providers to coordinate funding decisions and service delivery.

Intergovernmental Cooperation

IEDA and IFA are committed to intergovernmental cooperation and continuously seek ways to improve its effectiveness.

Another detailed Housing Study was done as part of the 5 Year Consolidated Plan for the State of Iowa (2010 – 2014). This Report is available on the IEDA website or in hard copy.

Examples of recent state intergovernmental cooperation included the following:

- Participation in quarterly meetings with local utility management organizations and state and federal agency representatives providing financial assistance to communities without public water and/or sewer systems to discuss funding resources and best practices;
- joint review of CDBG applications with other agencies, including the Department of Natural Resources, the State Empowerment Board staff, and the USDA - Rural Development;
- a demonstration program between IFA and USDA-Rural Development to preserve existing affordable properties;
- the establishment of the statewide Iowa Council on Homelessness, initially created by Executive Order in November, 2003, and codified in 2009 as a 38-member governor-

appointed advisory board;

- IEDA, USDA-RD and DNR-SRF continue to utilize a methodology to determine the appropriate lead agency for 106 review on jointly funded projects;
- Continued to utilize a Programmatic Memorandum of Understanding with the State Historic Preservation Office (SHPO) that allows fewer projects to require SHPO review, thereby increasing the timeliness of project environmental reviews;
- IEDA and DNR continue to use a relatively new review process whereby DNR reviews water/sewer projects for engineering/technical completeness prior to the decision-making on requests for CDBG assistance. This should improve the CDBG project's readiness-to-proceed after the decision to fund a project has been made;
- The Iowa Finance Authority provides zero percent, 3 year loans for the planning and design of water/sewer projects. This will help cities undertaking water and sewer projects to be ready to proceed when they apply for CDBG funding of these projects;
- Joint application workshops with all providers of financial assistance for water and wastewater projects (Iowa Dept. of Natural Resources, United States Dept. of Agriculture, Iowa Finance Authority, and Watershed Improvement Review Board.
- Lean Six Sigma event conducted with representatives from other state and federal agencies, nonprofit organizations and other division partners to incorporate green best practices into community development division programs;
- Coordination with Iowa Finance Authority on the use of state grant funds for wastewater projects intended to meet new state water quality standards.

Green Initiatives

IEDA's Community Development Division is helping Iowa communities thrive by becoming more economically, environmentally and socially sustainable and healthy with a high quality of life. This is being done through a strategic division alignment of operations and programming targeting development and revitalization that uses sustainable community practices to ensure long-term economic growth for Iowa communities. This integrated approach to sustainable community development is branded as the Iowa Green Streets Initiative and is consistent with the federal Partnership for Sustainable Communities' six livability principles.

Examples of recent division efforts to support thriving safe, healthy and sustainable communities include:

- Funding additional façade master plan projects bringing the total to 16 Iowa communities improving the appearance and performance of 350 building facades;
- Delivering 10 training workshops to local elected officials and staff on the benefits of sustainable stormwater green infrastructure practices;
- Delivering three training workshops to design professionals on effective approaches to designing sustainable stormwater green infrastructure practices;
- Administering the Iowa Clean Cities Coalition to build strong, self-sustaining partnerships with industry, stakeholders, fleets, fuel suppliers, and business partners with the goal of decreasing petroleum use;
- Hosting training for local governments, regional planning organizations and consultants on how to better integrate hazard mitigation strategies into local comprehensive plans to make communities more disaster resilient;

- Providing training to local governments, regional planning organizations and consultants on the importance of downtown to a thriving community and the policy and incentive approaches to supporting a vibrant downtown;
- Leveraging funding to assist communities in 2013 to identify economic development opportunities through completion of a customized market analysis;
- Securing funding to assist seven of Iowa's operating local historic opera houses to become sustainable long-term through more efficient operations;
- Supplying technical assistance to small business and nonprofit property owners to improve building energy performance;
- Providing funding to several communities to support additional upper-story housing opportunities in town centers thus supporting the downtown commercial hub of those communities and maximizing existing infrastructure;
- Publishing a case study document on successful Iowa upper-story housing projects;
- Maintaining extensive sustainable community resources on the division website, http://www.iowaeconomicdevelopment.com/community/green_initiatives.aspx;
- Contracting for outside assistance to review opportunities to further enhance IEDA's Community Development Block Grant program to best support economic development opportunities;
- Hosting the annual Iowa Downtown Summit to share best practices on community revitalization with more than 350 attendees;
- Supporting pilot studies to identify community wide energy efficiency and renewable energy opportunities to maintain utility costs for low-to-moderate income utility customers;
- Funding creation of a rural model development code to assist IEDA planning recipients and others in updating their local codes and ordinances in a manner that supports sustainable community principles;
- Supporting the establishment of the first five watershed management authorities in Iowa making way for flood mitigation and water quality planning to happen at a watershed level instead of the conventional local community boundary approach to planning;
- Increasing field visits to community officials to share with them the various state and federal resources available for improving the quality of life in their community;
- Designating three more communities as Main Street Iowa communities thus bringing IEDA's nationally recognized Main Street Iowa technical assistance expertise to those communities for a total of 48 Main Street Iowa programs; and
- Issuing a monthly e-newsletter, GreeNetwork, sent to more than 3,000 addresses providing sustainable community related update information, resources, upcoming workshops and trainings, and funding opportunities.

See http://www.iowaeconomicdevelopment.com/community/green_initiatives.aspx for more information on IEDA's green initiatives.

Low Income Housing Tax Credit

IFA administers the Low Income Housing Tax Credit program. The joint review of HOME applications helps coordinate the tax credit program with other federal housing programs. This coordination ensures that the tax credits are used to maximum advantage.

Public Housing Initiatives

The State does not operate any public housing units, therefore the Consolidated Plan did not commit to any specific actions related to public housing initiatives. However, the State does work with local public housing agencies, and is interested in efforts to increase residents' involvement in public housing management and provide them with expanded homeownership opportunities.

Environmental Review

In order to improve the Section 106 review process, IEDA staff has completed the following:

- IEDA and SHPO staffs are developing a Programmatic Agreements for undertakings involving ground disturbance and involving architectural/historic resources not only for CDBG funds, but also for CDBG Disaster and NSP funds.
- IFA along with the SHPO staff have adopted a Programmatic Agreement. The Programmatic Agreement covers the HOME program for the Iowa Finance Authority.
- IEDA is coordinated a comprehensive CDBG environmental training by the HUD environmental officer Paul Mohr in May, 2012. Other state programs as well as 30 Iowa CDBG administrators will attend the training.

Long-Term Monitoring of HOME-Assisted Projects

IFA assumed responsibility for the long-term monitoring requirements for HOME-assisted projects in July of 2010. Since that time, staff has been working diligently to review each project to ensure that we have the correct information for each project so that we can properly fulfill our monitoring responsibilities. As the agency also responsible for monitoring Section 42 projects, we will be able, going forward, to ensure that HOME compliance is completed in a timely fashion and the most restrictive requirements are enforced on projects that contain both HOME and Low Income Housing Tax Credit funds.

Lead-Based Paint Hazard Reduction

Through the Iowa Department of Public Health (IDPH), the State received federal funding during FY 2012 for various lead poisoning prevention programs. The IDPH Bureau of Lead Poisoning Prevention administers several programs with those funds, including a Childhood Lead Poisoning Prevention Program, Lead-Based Paint Activities Training and Certification Program, Pre-Renovation Notification Program, and Adult Blood Lead Epidemiology and Surveillance Program. IDPH also awards funds on a formula basis to local boards of health for childhood lead poisoning prevention services. The activities of these programs included the following:

- Assuring that children are tested for lead poisoning.
- Creating, maintaining and analyzing central databases of the results from blood lead testing of children and adults.
- Educating and training health care providers, parents, and housing and environmental officials.
- Devising methods to make housing lead-safe before children are poisoned.
- Providing medical and environmental management services for lead-poisoned children.
- Lead professional training oversight and certification. Many lead professionals have been trained and/or certified since the program's inception. This now includes statewide registration of lead-safe renovators.
- Implementing an EPA-authorized program requiring notification regarding lead-based paint prior to renovation, remodeling, and repainting.

- Working with IEDA, entitlement communities, public housing authorities, and weatherization programs for the implementation of the new HUD regulations requiring control of lead-based paint hazards in HUD-assisted housing.

IEDA has revised its housing programs to ensure compliance with HUD’s “Lead Safe Housing” regulations for all pre-1978 housing receiving assistance. This has entailed revisions to our Housing Fund Administrative Rules, our Housing Fund Management Guide, contracts, forms (including the creation of forms) and a model Owner-Occupied Rehabilitation Administrative Plan (updated annually). IFA has adopted the IEDA guidance and forms on lead safe housing.

The IEDA has encouraged our recipients and their administrators (housing practitioners) to become certified lead professionals (e.g., Lead Based Paint Inspectors/Risk Assessors or Visual Risk Assessors/Sampling Technicians, etc.) to work with the Lead-Safe Housing legislation. We have also encouraged local training of contractors in “safe work practices”. The IEDA has held numerous training sessions regarding this new legislation for those potentially affected by it and intends to hold additional training sessions in the future.

IFA assures compliance with lead-safe housing in the TBRA and homebuyer programs, as well as rental rehabilitation. Upon application, the subrecipient or developer must identify who the appropriately trained and certified inspector is, and IFA project managers and the construction manager evaluate compliance through ongoing inspections during the rehabilitation of rental units. When an issue is identified, IFA works with the IDPH to advise the owner how to comply with the state and federal laws.

Technical Assistance:

IEDA will use one (1) percent of the allocation for specialized technical assistance programming and/or regional planning and development, or additional administrative activities. In 2012, IEDA used a portion of its specialized technical assistance funds for the following activities.

Economic Development Program Assessment: IEDA contracted, using technical assistance funds, with The Cloudburst Group to assist the state with reviewing its current CBDG economic development programs, developing strategies and programs to expand the use of CBDG economic development tools, and providing staff training on ways to mitigate risks associated with economic development projects. These services will maximize the state’s potential to create LMI jobs and make prudent investments that will maximize impact and reduce risk. The Cloudburst Group provides consulting services to federal, state, and local governments and non-profit agencies in the planning, design, implementation, and evaluation of programs for economic and socially-disadvantaged persons. The contract runs through January 31, 2014, with the expected project completion date expected by July, 2013.

Sustainable Storm water Infrastructure Training: A series of trainings are being held across Iowa to train local elected officials, policy makers, decision makers, councils of governments, engineers, contractors, landscape architects, and architects on storm water management best practices that emphasize infiltration-based practices that aid in mitigating flooding while at the same time improve water quality. Three versions of the training were offered.

A one and a half hour version as well as a seven hour version of a training focused on the benefits and importance of sustainable storm water practices and the need for strong local leadership and supportive local policies was offered to local elected officials, policy makers and

decision makers in five different locations across Iowa. An eight hour version focused on the technical engineering aspects to locating, designing, installing and maintaining infiltration-based storm water practices was presented in three locations across Iowa for design professionals.

Measuring the Behavioral and Attitudinal Impacts of CDBG investments: In 2012, preliminary data analysis continued as part of a larger multi-year project to measure the impact of the Community Development Block Grant program investments in Iowa's two green pilot communities of West Union and Woodbine. Research is being conducted to discover the impact CDBG investment in the two towns is having on community attitudes, behaviors, the local economy and the environment with the intent of informing the Iowa Economic Development Authority and local governments on the most effective place and manner to invest CDBG funds for future projects.

Community and Energy Workshop and Whitepaper: In 2012, Community Development Block Grant Technical Assistance funds were committed to developing and implementing a community energy workshop and supporting whitepaper. The workshop, targeting local government officials, regional planning councils, and utility officials, will take place in West Union, Iowa in 2013 with their new district geothermal system connected to 60 downtown properties serving as the backdrop and impetus for the workshop.

Small Communities Downtown Workshop: Approximately 200 individuals from 80 Iowa communities attended the 26th Annual Iowa Downtown Summit held August 21-22, 2012 in Keokuk, Iowa. The day and a half conference is the only statewide conference held in Iowa focused on historic commercial district revitalization. Prominent and knowledgeable downtown and commercial development experts from Iowa and across the United States provided educational content focused on best practices. Participants received valuable insight, advice and training to help enhance the local efforts of addressing historic commercial district vibrancy and competitiveness relevant to rural, mid-sized and urban communities.

Conference sessions focused on the cost effectiveness of historic preservation as an economic generator; smart growth as an important development tool; strategies to rebuild downtown as a result of the recent recession; and developing financial incentives to attract new investment and commerce into blighted downtown districts. Nationally recognized speakers included Governor Parris Glendening of Smart Growth America; Robert Yapp, Preservation Consultant, and Hilary Greenberg of Greenberg Development Services.

PART B: COMMUNITY DEVELOPMENT BLOCK GRANT

This section addresses the State's use of CDBG and assesses how the use of funds relates to the priorities and objectives identified in the Consolidated Plan.

As outlined in Title I of the Housing and Community Development Act, the primary goal of the CDBG program is “the development of viable communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate incomes.” In addition to the national program goals and objectives outlined by this Act, the State designs its CDBG program to do the following:

- to be flexible enough to address community priorities;
- to ensure neutrality and fairness in the treatment of all applications;
- to promote the proper maintenance of owner-occupied housing;
- to assist communities to preserve and develop, in a sustainable manner, basic infrastructure;
- to support economic development activities that principally benefit low- and moderate-income persons through job training and job creation.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program. Those activities outlined as eligible under Title I, Section 105, of the Housing and Community Development Act of 1974, as amended, are considered eligible under Iowa's CDBG program. Eligible activities include public facilities (such as streets, water and sewer facilities, and community buildings), public services, housing rehabilitation, economic development and job training. State administrative rules for the program contain a complete listing of eligible activities. At least 70 percent of CDBG funds allocated to local governments will be used for activities that principally benefit low- and moderate-income persons. For these purposes, low- and moderate-income persons means they have incomes at or below 80 percent of the area median income defined by HUD annually in March.

Applications for funds under any of the CDBG programs will satisfy two primary requirements of CDBG funds:

- The proposed activities shall be eligible, as authorized by Title I, Section 105 of the Housing and Community Development Act of 1974 and as further defined in 24 CFR 570, as revised April 1, 1997 and;
- The Proposed activities shall address at least one of the following three objectives:
 1. Primarily benefit low- and moderate-income persons. To address this objective, 51 percent or more persons benefiting from a proposed activity must have incomes at or below 80 percent of the area median income.
 2. Aid in the prevention or elimination of slums and blight. To address this objective, the application must document the extent or seriousness of deterioration in the area to be assisted, showing a clear adverse effect on the well-being of the area or community and illustrating that the proposed activity will alleviate or eliminate the conditions causing the deterioration.
 3. Meet an urgent community development need. To address this objective, the applicant must certify that the proposed activity is designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community and that are recent in origin or that recently became urgent; that the applicant is unable to finance the activity without CDBG assistance and that other sources of funding are not available. A condition shall be considered recent if it developed or became urgent within 18 months prior to submission of the

application for CDBG funds.

Priority needs were identified at the start of this activities section. The state has allocated its CDBG allocation into different set-asides to meet those priorities. A comparison between the needs identified and the set aside are outlined below:

Housing:

- Existing low-and moderate-income homeowners – maintenance issues addressed with energy efficient strategies considered: Housing set-aside. Goal for 2012 was to rehabilitate 235 units. Actual was 254 or 108% of our goal.

Community needs:

- Infrastructure – water and sewer: Water & Sewer Set-aside. Goal was to build or improve 25 systems. Actual was 36 or 144% of our goal.
- Storm Water & Health Center: Community Facilities & Services Set-aside. Goal was to build or improve 2 systems. Actual was 13 or 154% of our goal.
- Day care, sheltered workshops, and medical support systems: Community Facilities & Services Set-aside. Goal was to assist 8 facilities/250 persons with disabilities. Actual was 3 facilities/453 persons with disabilities.
- Workforce development: Job Creation and Development set-aside. Goal was to create or retain 800 jobs. Actual was 1,072 or 134% of our goal.

1. Assessment of the Relationship Between Use of Funds and State Priorities

The Consolidated Plan established the following non-housing community development needs as “high” priorities: public works, public facilities and services, and economic development. Historically, local interest and initiative have driven Iowa's CDBG program. Specifically, IEDA has tried to be responsive to the priorities and needs expressed by applicants, rather than imposing state-established priorities on local governments.

2. Changes in Program Objectives

Beginning with FY'98 funding, the State separated the annual competition for CDBG infrastructure funds into two separate programs: the Community Facilities and Services Fund, and the Water-Sewer Fund. The purpose of the split is to increase the variety of assisted projects. Although day care facilities, senior centers and other community services have always been eligible for funding under the annual competition, they generally did not compete well against traditional infrastructure projects, such as sewer and water systems.

Beginning with FY '09 funding, the State provided funding for sustainable community activities which are activities to develop viable communities while preserving precious environmental resources. The State will also provide funding for projects that assist in the revitalization of downtown areas. In 2012, the IEDA funded 8 façade rehabilitation projects for a total of \$4,000,000 from prior year de-obligated monies.

3. Benefit to Low- and Moderate-income Persons

Of the project activities awarded utilizing Program Year 2012 CDBG funds to date, all funding has gone to benefit LMI persons. The specific breakdown of allocations is as follows:

▪ Benefit to LMI Persons:	\$14,255,629
▪ Prevent or Eliminate Slum and Blight	\$ 495,000
▪ Meet Urgent Community Development Needs	\$ 0
▪ Local Administration	\$734,300

4. Compliance with Civil Rights Laws

Summary of the State's Reviews of Recipient Civil Rights Performance

The State demonstrates its commitment to civil rights through its policies, procedures and practices. These are conveyed to each recipient city, county and business through workshop participation, contractual language, management guide instructions and technical assistance. Through project monitoring, IEDA reviews each recipient's civil rights performance.

IEDA designates a staff member to oversee the civil rights compliance program. When a grant is awarded, the recipient is informed it must comply with IEDA civil rights requirements. Normal monitoring procedures include the review of civil rights compliance of each grant recipient. If noncompliance is indicated, further actions are taken. No instances of noncompliance were noted in 2012.

Equal Employment Opportunity Commission EEO-4

The Iowa Department of Personnel maintains EEOC EEO-4 form data for IEDA.

Training of State Staff, Recipients and Administrators

In April 2012, the state hired the Council of State Community Development Agencies (COSFDA) to train state staff as well as 34 Council of Government staff who administer the majority of CDBG grants to communities. This comprehensive training assisted them in learning more about the foundations of the CDBG program as well as important regulations and how they are implemented through the state CDBG program.

In May of 2012, the state hosted the 24 CFR part 58 regional environmental review training. The regional HUD environmental representative conducted the training. Professional administrators as well as state staff attended. The entitlement cities also sent representatives to this four day training.

The state annual offers a recipient training workshop for all grantees. Typically the grantee (city or county) staff as well as their grant administrator attend the training. The training is conducted by state staff and includes a chance for everyone to meet each other face to face, peers to discuss important topics, and grantees to understand the responsibilities that come with accepting a CDBG award. The day includes workshop topics in procurement, environmental review, contracting, Davis bacon, civil rights, section 3, reporting, drawing funds, and close-out requirements as well as other important procedural and regulatory issues.

PART C: HOME

This section addresses several compliance issues related to the HOME program.

IFA assumed responsibility for long-term compliance duties in July 2010 and since that time we have been working diligently to ensure that all projects still in their affordability period are being properly monitored.

1. Private Sector Participation

IFA has a long standing relationship with private sector developers, financial institutions, and syndicators and investors from the tax credit industry. Underwriting standards for rental projects initiated during the 2011 funding round require a debt service coverage ratio between 1.20 to 1.50, assuring that a project is financially feasible while also assuring that a developer is obligated to service debt through a first mortgage or other source. Public comment is sought and received prior to the adoption of state rules, and IFA provides numerous training sessions on the HOME application process, compliance issues, and cross-cutting measures.

Private developers provide significant capacity in the Iowa market, constructing and rehabilitating multi-family rental and single family homeownership properties. At various times, a private developer will partner with a non-profit organization, providing needed expertise in the development and property management of affordable properties, while building the nonprofit's capacity to serve low income households.

All HOME funds that are provided to developers are in the form of a low interest (0-2%) loan. Repayment of the loan is expected in order to increase the amount of program income available to support additional affordable housing needs.

2. CHDOs

In calendar year 2012, 15.3 percent of the State's HOME funds were awarded to CHDOs. Iowa currently has six certified CHDOs and one newly certified CHDO that is awaiting IFA Board approval slated for the March 2013 meeting. Since assuming administrative responsibilities for the HOME program, IFA has initiated the following changes in working with CHDOs:

1. Assigned IFA's Housing Iowa Development Specialist as the lead in managing CHDO relationships.
2. Created a new application for state CHDO Certification.
3. Implemented a process for annual CHDO Recertification.
4. Developed a new CHDO Set-Aside Eligibility Checklist and procedures to ensure each HOME funding award to a CHDO is appropriately screened for CHDO Set-Aside eligibility in compliance with HOME requirements.
5. Offered a maximum \$50,000 operating expense grant for each CHDO receiving a CHDO Set-Aside award in the HOME funding round.
6. Adopted a policy to allow for retention of CHDO proceeds subject to IFA approval of the CHDO's reuse plan submission.

3. Tenant Assistance/Relocation

Any governmental agency that receives HOME funds from the state must comply with Section 104(d) of the Housing and Community Development Act, as amended (the associated Rules are at 24 CFR Parts 42, 91, 92, and 570.) Compliance with these requirements would include the preparation and adoption of a Residential Anti-Displacement and Relocation Plan (RARAP) that identifies the steps the recipient will take to minimize displacement.

The following are sample actions recommended by IFA that could be part of the RARAP:

- Coordinate code enforcement with rehabilitation and housing assistance programs.
- Evaluate housing codes and rehabilitation standards in reinvestment areas to prevent undue financial burden on established owners and tenants.
- Rehabilitate rental units in such a way as to allow tenants to remain in the building/complex during and after the rehabilitation, working with empty units first.
- Arrange for facilities to house persons who must be relocated temporarily.
- Adopt policies to identify and mitigate displacement resulting from intensive public investment in the neighborhood.
- Adopt policies that provide reasonable protection for tenants faced with conversion to a condominium or cooperative.
- Adopt tax assessment policies, such as deferred tax payment plans, to reduce the impact of increasing property tax assessments on lower income owner-occupants or tenants in revitalizing areas.

Separate from the above requirements on governmental agencies, any HOME project that involves displacement of tenants must comply with the policies and procedures set forth in 49 CFR Part 24 (which implement the Uniform Relocation Act.)

For Program Year 2012, IFA provided HOME funds to one rental development project that resulted in the permanent relocation of one residential tenant. The notification, consultation, and benefit calculations were handled by a qualified consulting agency familiar with the Uniform Relocation Act. There were a total of four households requiring temporary relocation assistance in association with homebuyer activities. The determination and calculation of relocation benefits for all of the projects was conducted under approved relocation plans submitted to IFA during the application and early planning stages.

PART D: ESG

This section addresses the State's use of ESG and assesses how the use of funds relates to the priorities and objectives identified in the Consolidated Plan.

ESG Program Assessment of Five-Year Objectives - 2012

The State's overall strategy is to promote a continuum of housing and services for Iowa's homeless population. Together with ESG, continuous progress is being made on accomplishing our goals:

- The state Shelter Assistance Fund is funded through a percentage of the Real Estate Transfer Tax. Because of continued relatively slow real estate activity in 2012, the amount of funds available for this program remained somewhat lower than in past years. Prior to this year, the program was combined administratively with the ESG program, with subgrantees receiving funds from both programs. This was important in prior years, because subgrantees were able to receive reimbursement for expenses early in the year through the Shelter Assistance Fund before ESG funds became available. In 2012, this was no longer possible because the new ESG regulations changed the scope of the program so significantly that the rules between both could no longer be consistent. While agencies had still submitted only one application in the fall of 2011 between both programs, IFA separated out awards so that each funded request was supported by only one or the other program.
- The Iowa Council on Homelessness is a state-codified advisory board of 38 governor-appointed members that meet to evaluate homelessness data and trends and to develop a coordinated service delivery system to prevent and alleviate homelessness. The council also makes recommendations on state agency resources that could be more efficiently coordinated with other state agencies to prevent and alleviate homelessness. It also functions as the decision-making body for the Iowa Balance of State Continuum of Care, including reviewing and helping coordinate the annual federal Continuum of Care Consolidated Application.
- Funding was sought and obtained through the Balance of State's 2011 HUD Continuum of Care application to fund renewal Supportive Housing Projects and Shelter Plus Care projects. The two programs were combined in 2012 under the new Continuum of Care Program; the program continues to provide case management and client services aimed at helping the homeless to transition to and maintain permanent housing and independent living. The 2011 Balance of State application received funding for one expansion project for additional Homeless Management Information System (HMIS) services.
- The three-year HUD Homelessness Prevention and Rapid Re-housing Program (HPRP) concluded in mid-2012. The 15 regional balance of state service providers submitted detailed phase-out plans, including final spending projections, and the state continued to adjust regional allocations between providers up until the very end, to achieve as close as possible compliance with the 100% spending requirement. Service providers conducted a range of transition activities to help clients maintain stability and to plan with other local providers on ways to meet the continuing needs. The Iowa Council on Homelessness created an ad-hoc Expanding Rapid Rehousing Committee to identify lessons learned and recommendations. The focus in statewide planning was on how the new Emergency

Solutions Grant could help in the transition. The second allocation of FY 2011 funds was especially important in this regard, with the funds reserved for either homelessness prevention or rapid rehousing activities. The state is working to complete the HPRP close-out process.

- The Public Service Shelter Grant Program completed its course in 2012. This program was passed by the Iowa Legislature in 2009 and included \$10 million in grants for the construction, renovation, or improvement of homeless shelters and family and domestic violence shelters. Grants were provided to 17 organizations or cities statewide providing 723 shelter beds. The last project to finish construction in 2012 was a \$17 million new adult emergency shelter in Des Moines, the largest shelter in Iowa; \$4 million of this project came from Public Service Shelter Grant funds.

Program Self-Evaluation for ESG

The ESG program underwent significant changes in 2012. First, the new federal regulations changed the scope of assistance available, adding Rapid Rehousing and adopting much more comprehensive restrictions on how funds could be used in the remaining categories. Along with these changes, significantly greater funds were made available, first through a second allocation of federal FY 2011 funds, and then through an allocation of FY 2012 funds that was almost twice as high as anticipated.

The State adjusted to these changes in a number of ways. First, the State separated out ESG subgrantee contracts from Shelter Assistance Fund grantee contracts for the 2012 calendar/program year, despite the programs operating one combined competition in the fall of 2011. This change was necessary in recognition that the two programs no longer shared similar rules and regulations. The State worked to determine which projects fit best under each program and issued contracts accordingly. Then, to ensure that agencies understood the changes that had taken place, and the rules under which their particular grant(s) operated, the State held a series of training webinars as the contracts were issued. Webinars were offered on program development, fiscal management, and data and reporting responsibilities. Particular attention was focused on ESG subgrantees holding a contract for homelessness prevention, in recognition that several of these agencies had operated homelessness prevention programs under the old Emergency Shelter Grant program that would no longer meet the requirements of the more rigorous Emergency Solutions Grant program.

The State then switched gears slightly to focus on completing the requirements for the ESG Substantial Amendment process in order to receive federal funds. Because of the timing of the State's program years, Substantial Amendments were required for both the federal FY 2011 Phase II and the 2012 funds. The Amendment process for ESG entailed a number of new requirements, including a significant effort to collaborate with Continuum of Care organizations that overlapped with ESG geographic boundaries.

As the Iowa Council on Homelessness is the decision-making body for the Iowa Balance of State Continuum of Care, the State focused its collaborative efforts within this council. It conducted a series of in-depth all-day meetings with the Executive Committee of the council, which resulted in a number of recommendations regarding the use of ESG funds. These recommendations were then voted on and approved by the entire council membership. Finally, the recommendations were received formally by the Iowa Finance Authority, as the

ESG grantee responsible for the use of funds. The Iowa Finance Authority adopted the majority of the recommendations made.

One recommendation from the council that the Iowa Finance Authority did not adopt was to prohibit ESG statewide funds from being used in ESG entitlement cities, which receive an additional direct allocation of federal funds. In determining whether or not to act on this particular recommendation, the Iowa Finance Authority first sought to confirm with HUD that federal regulations would permit the use of State funds in entitlement cities. This was confirmed through both the HUDHRE Help Desk and directly from HUD Snaps office staff. Second, IFA sought data on how the “service burden” in various localities compared with the available funds. The data showed that the need for services in the ESG entitlement cities actually outpaced the additional city funding that HUD makes available directly. Based on this data, IFA made the decision to provide some measure of additional support for entitlement cities using the State funds. In compromise with the council’s recommendation, it determined to restrict federal FY 2011 Phase II funds only to areas outside the entitlement cities, and to allow FY 2012 funds on a statewide basis, to include the entitlement cities.

A significant decision made with ESG funds in 2012 was the decision to split the federal FY 2012 allocation between two program years. This decision was made for several reasons. First, subgrant awards had already been made to agencies based on a fall 2011 competition that estimated the 2012 amount based on historic levels, rather than the eventual elevated level that was received. To provide additional funds might have required another competition, in the midst of what was already a robust effort to very quickly adjust to major new program requirements, including completing the process for the two Action Plan Substantial Amendments. It also would have meant putting a large additional influx of ESG funds out there with little time for strategic planning on how they could be best targeted. Finally, it was realized that splitting the 2012 funds would allow us to get ahead of the federal cash flow cycle—meaning, instead of waiting until August or thereabouts in future years for HUD to release the funds to reimburse agencies for their ESG expenditures, we would have the funds in hand in advance. This proposal was outlined in the 2012 Substantial Amendment for public comment and HUD review, and was met with approval on both counts.

A challenge with the ESG program in 2012 is the limited federal guidance beyond what is in the regulations. While the regulations provide significant detail in some areas, they provide very little relative detail in others. Guidance related to the required matching funds is one example. Other programs, such as the HOME program, provide entire manual chapters about how to meet the requirements and provide documentation, and this is for a much smaller matching portion requirement. ESG, which requires a 100% match, is not as yet supported by this kind of guidance. Furthermore, while the ESG program always required a 100% match, this was in the past much easier to meet, since the program requirements were looser and therefore the expenditures which would qualify for match were also looser. The increased focus on homelessness prevention and rapid rehousing types of assistance also make the match requirement more difficult to meet. A physical facility such as a shelter is much more likely to be able to provide in-kind matching contributions, through the value of a building, through volunteer hours, or through donations of supplies, food, etc. However, ESG funds are now very limited in the portion that can be used for shelter.

Although it is certainly recognized that it takes time to develop, additional guidance in this area and in many others will be welcomed. Standardized forms, both for the use of service

agencies in providing direct client assistance, and for the use by IFA in its monitoring and grant management responsibilities, will also be helpful.

IFA is also adapting to changes in ESG requirements for data collection and reporting. This includes the addition of ESG reporting in the online IDIS system. Currently, IFA will submit this usual ESG CAPER in paper form, and also complete the ESG Transitional CAPER in IDIS for the same 2012 program year. IFA will use some client data available from the HMIS system as well as its own financial records to complete this IDIS report. Data from the HMIS system is supported by the lead HMIS agency for the State, the Iowa Institute for Community Alliances. It will be more difficult to include aggregate data from agencies that are primarily domestic violence victim services agencies and therefore do not participate in the HMIS system. IFA continues to work toward better and more complete data and reporting participation by these agencies. It has a contract in place with the Iowa Coalition Against Domestic Violence to support data collection and reporting in comparable databases; most agencies are currently using the ALICE software to meet the minimum data requirements.

In the area of general administration of the ESG program, IFA continued efforts to streamline operations. The online application system for ESG was used again in 2012, with some improvements and updates. An independent panel of reviewers scored and ranked applications and final awards were approved by the Iowa Finance Authority Board of Directors. IFA partnered again in 2012 with the Iowa Institute for Community Alliances to support contracts, budgets, and reimbursement requests. This was considered a transition year for this partnership and by the end of the year, all of these functions had been transferred to IFA. This has been an important and beneficial partnership for several years, but IFA is working towards more direct oversight and control of the ESG grant. IFA does not anticipate renewing this administrative partnership in future years. IFA also revised its State Administrative Rules for the ESG program to match the new federal regulations.

One area of continued creative tension in ESG program planning is whether to spread a large number of grants widely over many agencies, or to focus resources on a smaller number of agencies. A balance is sought. Agencies need to demonstrate capacity at a level high enough to reasonably support compliance with the rigorous ESG requirements. The level of support should be deep enough that agencies can devote the time and resources to develop programs based on best practices, to develop beneficial local partnerships to support mainstream resource access, to collect and report accurate data, and to conduct meaningful evaluation and planning. On the other hand, funding should be spread out enough so that support is provided across a large number of communities in need, including rural communities. This helps to provide assistance to individuals and families in need where they currently live, and where they are most likely going to be able to re-stabilize their living situations independently after a period of assistance. This is preferable to individuals and families being forced to relocate to larger cities where resources are more available, but where their long-term prospects for stability, separation from family and existing support networks, may be diminished.

Narrative on the Description of Match for the ESG Program

The State of Iowa requires all ESG recipients to provide match in the amount of the funding they receive from the ESG funds. This match can be either cash or in-kind equivalents. In addition, we allow agencies to use the value of their property to support this match requirement if the property value has not been used in the past funding rounds.

Balance of State Continuum of Care

As discussed earlier, Iowa's Balance of State Continuum of Care (CoC) is governed by the Iowa Council of Homelessness. In 2012, the council continued to focus discussions and planning on the transition to the HEARTH Act, and on the new Continuum of Care Program regulations. The 2012 Continuum of Care Program competition was much longer and required a significant collaborative effort led by the Iowa Finance Authority to produce the Consolidated Application. The Continuum of Care Committee of the council led the process to solicit new Project Applications, and five such applications were received, in addition to a planning Project Application by the Iowa Finance Authority. All five of the new Project Applications were voted by the council for inclusion in the Consolidated Application. These new Project Applications were placed in HUD's Tier 2 of the application process. Tier 1 was reserved for renewal Project Applications plus the Planning Application. One agency that submitted its renewal Project Application late was ranked at the top of Tier 2, and one agency that never submitted a complete application package was not included in the rankings at all.

Housing Opportunities for Person with AIDS/HIV – State of Iowa Formula Funds

The State of Iowa's formula HOPWA program is administered by IFA in its capacity as the Grantee for the formula award. There are five regional project sponsors who provide critically needed housing and support services. These regions encompass all 99 counties of Iowa.

The program sponsors in 2012 were: The Project (AIDS Project of Central Iowa), Cedar AIDS Support System (CASS) of Cedar Valley Hospice, Mid Eastern Council on Chemical Abuse (formerly known as The Iowa Center for AIDS Resources and Education), The Project Quad Cities (TPQC), and Siouxland Community Health Center (SCHC). In 2013, the Project (AIDS Project of Central Iowa) is under new leadership following a merger with Primary Health Care. Additionally, Mid-Eastern Council on Chemical Abuse voluntarily moved away from all their programs providing HIV/AIDS-related services, and a new sponsor was found in their place, the University of Iowa. The University of Iowa has a successful record of providing HIV-related services through the Ryan White Part B and C programs.

During 2012, households accessed tenant based rental assistance, short term rent, mortgage and utility assistance as well as additional supportive services and housing placement assistance. Work was completed and made available online for the State of Iowa HOPWA Program Manual. Our technical assistance provider, Mariah Ybarra of Building Changes, continued to provide much-appreciated guidance through the fall of 2012, when the structure of HUD HOPWA technical assistance changed to the online help desk format.