*The State of Iowa*
*Consolidated Plan for Housing & Community Development*

# ANNUAL ACTION PLAN: 2017

*Iowa Economic Development Authority*
*November 2016*

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# Introduction/Executive Summary

As a U.S. Department of Housing and Urban Development (HUD) Participating Jurisdiction, the state of Iowa must submit to HUD a Consolidated Plan and an Annual Action Plan. The Consolidated Plan is a 5-year plan to address housing and community development needs. The 2015-2019 Consolidated Plan was submitted to HUD in 2015 and outlines the state of Iowa's goals for the 5-year period. The state's Consolidated Plan includes goals and proposed activities under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs.

Once the Consolidated Plan is submitted and approved, the state submits an Annual Action Plan to update the state's progress in fulfilling goals and outline the state's processes and procedures for distribution of grant funds received from HUD. This will be the second annual action plan for the current consolidated plan. The Iowa Economic Development Authority (IEDA), formerly the Iowa Department of Economic Development (IDED), is the lead agency for the Action Plan. IEDA is the state agency responsible for the administration for the CDBG program. Iowa Finance Authority (IFA) is the state agency responsible for the administration of the HOME, ESG, HTF and the HOPWA programs.

This Annual Action Plan is for the program year beginning January 1, 2017.

In accordance with federal regulations (24 CFR 91.320), the Action Plan includes the following sections:

- **Annual Objectives and Outcome Measures**: A summary of the annual objectives the state expects to achieve during the forthcoming program year as well as outcomes;
- **Resources**: Funding sources (Federal and other) available to address the State's priority needs and objectives;
- **Affordable Housing Goals**: One year goals for the number of households to be provided affordable housing through a variety of housing activities;
- **Activities**: The State's method for distributing funds for activities that address priority needs and objectives;
- **Geographic Distribution**: Areas to which the State will direct assistance, if applicable;
- **Homeless & Special Needs Activities** The State's plans to address homelessness and assist persons with special needs;
- **Removing Barriers to Affordable Housing and other actions**: Actions the state plans to take during the next year to remove or ameliorate the negative effects of public policies that are barriers to affordable housing (such as land use controls, building codes, and growth limitations). Outlines other actions in the State's plans to address issues related to housing and community development, such as monitoring and poverty reduction;
- **Summary of Public Comments**: Comments made on the Action Plan and IEDA and IFA responses;
- **Applications for Assistance**: HUD Form 424 for the CDBG, HTF, HOME, ESG and HOPWA programs; and
- **Certifications**: General and program-specific certifications as required by HUD.

# Annual goals and Objectives – AP-20

This year for CDBG, HOME, HTF, ESG, and HOPWA our objectives and outcomes are to create decent housing, suitable living environments, and economic opportunities that address availability, accessibility, affordability, and sustainability for the following specific performance indicators:

- Homeless – 6,700 persons served (ESG & HOPWA)
- Owner-Occupied houses – 133 houses rehabilitated (CDBG)
- Housing – 20 homebuyers assisted to purchase (HOME)
- Rental – 34 units developed or rehabilitated (HOME, HTF)
- Rental – 375 households given rental assistance (HOME)
- Rental – 578 households given rental assistance (ESG & HOPWA)
- Community Facilities – 3 facilities improved or constructed (CDBG) and 10,000 people assisted
- Infrastructure – 20 water, sewer, or storm water upgrade projects (CDBG) and 40,000 people assisted
- Business – 160 jobs retained or created (CDBG)
- Downtown Business Façade Improvement – 80 businesses assisted (CDBG)
- Opportunities and Threats – 100 households served (CDBG)

In addition, it is anticipated that 418 extremely low income, low income, and moderate income families will be provided affordable housing as defined by HOME 91.215 (b).

# Citizen Participation – AP 12

IEDA and IFA solicited public input in developing the Action Plan. The state is committed to citizen participation both because it is a HUD requirement and because it is a valuable means for program evaluation and improvement.

Public comment opportunity was available on the IEDA and IFA websites ( www.iowaeconomicdevelopment.com and www.iowafinanceauthority.gov). IFA announced the start of the comment period on social media, including Twitter and Facebook, with a link to the agency's website. IFA provided notification of the public comment period through their electronic newsletter, IFA fyi, which is sent out through a large listserv of housing and development contacts across Iowa. IFA also included information on the public comment opportunity in their newsletter sent to the organizations that assist the homeless community.

The Department solicited input during a 30-day draft review and comment period, accepting comments by mail, facsimile, electronic mail and telephone. IFA and IEDA also invited citizen participation on the Action Plan through a public hearing on November 14, 2016 from 3:30 p.m. to 5:00 p.m. at the IEDA offices located at 200 East Grand, Des Moines, Iowa.

The draft Annual Action plan was shared with the Iowa Association of Regional Councils (IARC). The Iowa Association of Regional Councils (IARC) is the statewide professional organization for Iowa's 17 Councils of Governments (COGs). COGs provide professional planning, programming, and technical assistance to Iowa's cities, counties, and community organizations. Iowa's COGs work closely with the HUD programs included in the Annual Action Plan.

Throughout the year IEDA and IFA reach out to affected populations to understand their needs. IEDA has a number of workshops and events that invite communities and those that serve them like the Council of Governments to learn about programs, but to also express how programs can change to have more impact.

In addition and as discussed in the AP- 10 in the IDIS version, the draft plan was shared with the

following organizations for review and input:

- Iowa League of Cities
- Iowa State Association of Counties
- Olmstead Consumer Task Force
- Main Street Iowa
- Iowa Civil Rights Commission
- Iowa Department of Natural Resources
- USDA Rural Development
- State Historic Preservation Office
- Iowa Association of Engineers
- Iowa Community Action agencies
- Iowa Public Transit Association
- Community Housing Initiatives (CHI)
- Affordable Housing Network
- Central Iowa Shelter & Services
- CAPAX Infiniti housing
- University of Iowa
- Primary health Care, Inc
- Landlords of Iowa

# Resources: AP-15

*This section of the Annual Action Plan discusses the federal and non-federal sources of funding the State expects to be available to address priority housing and community development needs in the program year. It should be noted that both the availability and funding level of many federal resources were uncertain at the time this Action Plan was prepared*

# Housing Resources

The State expects the following resources to be available to implement housing strategies in 2017:

### Federal Housing Resources

Community Development Block Grant (CDBG) Program: The State reserves 22 percent of its annual CDBG allocation from HUD for housing activities. Eligible uses of the CDBG portion of the Housing Fund include grants for rehabilitation of owner-occupied housing. Cities with populations less than 50,000 and all counties are eligible for CDBG assistance through the Housing Fund. The amount available in 2017 will be $4,771,527.

HOME Investment Partnerships Program: Eligible uses of HOME funds include tenant-based rental assistance, rental housing rehabilitation (including conversion and preservation), rental housing new construction, homebuyer assistance that includes some form of direct subsidy to the homebuyer, and other housing-related activities as may be deemed appropriate by the IFA and allowed by the HOME program rules. Local governments and private for-profit and nonprofit entities (including CHDOs) are eligible for HOME assistance. The amount available in 2017 will be $5,530,465.

Housing Trust Fund (federal) (HTF): The approximately $3,000,000 will be used to construct multi-

family new construction and multi-family rehabilitation. A portion of the funds will also be used as operating subsidy.

Emergency Solutions Grant (ESG) Program: ESG is used to help individuals and families experiencing a housing crisis and/or homelessness to be quickly rehoused and stabilized. Units of general purpose local government (not including public housing authorities) and private, non-profit organizations are eligible applicants if they serve clients that qualify as homeless or at-risk for homelessness as defined by federal definitions at 24 CFR Parts 91 and 576.

Housing Opportunities for Persons with AIDS (HOPWA) Program: The State's annual HOPWA allocation from HUD will be used to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families to prevent homelessness. IFA awards grants annually to one organization in five regions (or service areas) of the State. Those providers are as follows: Siouxland Community Health Center, Primary Health Care, Inc., Cedar AIDS Support System, University of Iowa, and The Project of the Quad Cities.

Weatherization Assistance Program (WAP): A federal grant program administered by the Iowa Department of Human Rights, established to help reduce the heating and cooling costs for low-income persons, particularly the elderly, disabled, and children, by improving the energy efficiency of their homes. The program uses trained crews and contractors to install permanent cost-effective measures that address both the building shell and the heating and cooling systems in the building.

Federal Historic Tax Incentive: Administered by the Iowa Department of Cultural Affairs, the Historic Preservation Tax Incentive provides for the preservation and rehabilitation of historic structures including residential units. Property must be held for the production of income. Federal income tax credits are valued at 20 percent of eligible costs when approved as meeting the federal rehabilitation standards. Buildings must be listed on the National Register of Historic Places within two years.

Low-Income Housing Tax Credit Program: Administered by IFA, this program provides a federal tax credit as an incentive for the development of affordable housing projects. The purpose of this program is to encourage the investment in affordable rental housing projects, which will in turn increase the availability of rental housing units for Iowans.

FirstHome (First-Time Homebuyer Mortgage Loan Program): By selling tax exempt mortgage revenue bonds, IFA provides mortgage loans for first-time (individuals who have not owned a home in the last three years) homebuyers or veterans who are exempt from "first-time" homebuyer requirements. The loans may be for new or existing homes and are available through a statewide network of participating lenders.

Other Federal Resources: Several other federal sources of funding for housing activities are not administered through IEDA or IFA. These include the following:

- HUD loans, loan guarantees and other forms of assistance made directly to local owners (e.g., Section 202 Supportive Housing for Elderly and Section 8 rental programs).
- U.S. Department of Agriculture (USDA) Rural Housing Service (RHS) - loans, loan guarantees and grants made directly to local households and project owners (e.g., Section 502 Homeownership Direct and Guaranteed Loans, Section 515 Rural Rental Housing Loans and Housing Preservation Grants).

## Non-Federal Housing Resources

State Housing Trust Fund: A State Housing Trust Fund (the "Fund") is held within IFA. The two programs operated under the Fund are the Local Housing Trust Fund Program and the Project-Based Housing Program. At least 60 percent of the available moneys in the Fund will be allocated to the Local Housing Trust Fund, and a minimum of 30 percent of these moneys must serve extremely low-income eligible recipients. Any available moneys remaining in the Fund will be allocated to the Project-Based Housing Program.

> Local Housing Trust Fund Program: The goal of this program is to provide financial assistance to certified local housing trust funds to be used for the development or preservation of affordable housing for low-income Iowans, including infrastructure development, transitional housing, housing for the homeless, homeownership, rental, capacity building, or other purposes that further the goals of the Fund.
>
> Project-Based Housing Program: The goal of this program is to assist in funding the development of affordable single-family and multifamily housing for low-income Iowans. Eligible applicants are cities and counties, non-profit and for-profit housing development organizations, recognized neighborhood associations, economic development organizations, homeless services providers, transitional housing providers, councils of governments, and domestic violence shelters. Eligible activities focus on the development of new affordable housing units with narrowly limited use allowed for increased accessibility, lead hazard reduction, energy efficiency improvement, and homeownership education and counseling purposes.

Federal Home Loan Bank (FHLB): Through the Affordable Housing Program (AHP), successful projects are dedicated to the purchase, rehabilitation or construction of owner-occupied or rental homes that benefit very low, low, and moderate income households. The FHLB also works through its member institutions in the administration of the Community Investment Program (CIP) to provide a source of low cost funds available for financing for homeownership and rental housing.

Tax Increment Financing (TIF): Local governments can use TIF to support housing projects. An eligible project borrows funds – in the form of a bond – in an amount equal to the tax increment generated by the project. The incremental tax revenues then repay the bond over time.

Workforce Housing Tax Credits: The State offers investment tax credits and a refund of sales tax to developers of qualifying single-family and multi-family housing.

Private Organizations: There are a variety of nonprofit agencies, charitable groups and other organizations in the State working to support affordable housing. These include Habitat for Humanity and the Sioux Falls North Dakota Partnership Office of the Fannie Mae Corporation.

State Historic Property Rehabilitation Tax Credit: A fully refundable tax credit is awarded to the applicant for the rehabilitation of eligible property to be used against state income tax liability. The tax credit is 25 percent of the qualified rehabilitation costs made to the eligible property. Work done on the property must meet the Secretary of the Interior's Standards for Rehabilitation.

Eligible property for which a taxpayer may apply for the property rehabilitation tax credit includes any of the following:

1. Property listed on the national register of historic places or is eligible for such listing.

2. Property designated as of a historic significance to a district listed in the national register of historic places or is eligible for such designation.
3. Property or district designated a local landmark by a city or county ordinance.

Senior Living Revolving Loan Fund Program: This IFA program is designed to assist with the development of affordable assisted living properties and service-enriched affordable housing by providing loans to qualified projects. The loans must be used with Federal Low-Income Housing Tax Credits, and can be used for construction, permanent financing, or both.

Transitional Housing Revolving Loan Fund Program: This IFA program is designed to assist with the development of transitional housing for families with one or more parents who is completing or has completed a substance abuse treatment program. The loans must be used with Federal Low-Income Housing Tax Credits, and can be used for construction, permanent financing, or both.

Community Housing and Services for Persons with Disabilities Revolving Loan Program: This IFA program is designed to further the availability of affordable housing and supportive services for Medicaid-waiver eligible individuals with behaviors that provide significant barriers to accessing traditional rental and supportive service opportunities. The loans can be used for construction, permanent financing, or both.

Multi-Family Housing Loan Program: This IFA program provides loans for preservation and creation of affordable housing. The program is for projects that are utilizing State or Federal HOME funds, Federal Low-Income Housing Tax Credits, Tax Exempt Bonds or other qualified HUD or USDA programs serving low-income tenants. The loans can be used for construction, permanent financing or both.

Shelter Assistance Fund: This State grant program provides funds to support the operations of homeless shelters and domestic violence shelters statewide. Through these funds, shelters are able to improve the quality of services to the homeless, make available additional needed services, and help meet the costs of providing essential social services so that homeless individuals have access not only to safe and sanitary shelter, but also to supportive services and other types of assistance to improve their situations.

Home and Community Based Services (HCBS) Rent Subsidy Program: Administered by IFA, the HCBS Rent Subsidy Program provides temporary rental assistance for people who receive medically necessary services through Medicaid 1915 (c) waivers until the person becomes eligible for a Housing Choice or any other kind of private or public rent subsidy.

Aftercare Rent Subsidy Program: Administered by IFA on behalf of the Department of Human Services (DHS), the Aftercare Rent Subsidy program provides financial assistance for youth who are aging out of foster care and are participants in the DHS Aftercare Services Program. The program's goal is to teach Iowa youth independence, life skills, and renter rights and responsibilities.

FirstHomes Plus: Administered by IFA, this program helps families purchase a home by providing assistance in the form of grants to help pay for eligible closing costs, down payment, or necessary repairs. The assistance is limited to a maximum of $2,500. An applicant is required to use the FirstHome first mortgage financing to receive assistance under the FirstHome Plus Program.

Military Homeownership Assistance Program: Administered by IFA and funded by state appropriations, this program helps qualifying eligible service members or veterans purchase their new residence located in Iowa. The program provides up to $5,000 toward down payment or reasonable and customary loan costs.

Homes for Iowans: IFA provides mortgage funds for Iowa homebuyers purchasing their primary residence up to $305,000. Family income limit is restricted to 140 percent of HUD median income. Eligibility for this program includes both first-time homebuyers and repeat buyers. The mortgage financing is originated by participating lenders across the state.

Homes for Iowans Plus: Administered by IFA, this program helps families purchase a home by providing assistance in the form of grants to help pay for eligible closing costs, down payment, or necessary repairs. The assistance is limited to a maximum of $2,500. An applicant is required to use the Homes for Iowans first mortgage financing to receive assistance under the Homes for Iowans Plus Program.

# Community Development Resources: AP-15

The State expects the following resources to be available to implement non-housing community development strategies in the program year:

### Federal Community Development Resources

Community Development Block Grant (CDBG) Non-Entitlement Program: The State reserves 75 percent of its annual CDBG allocation from HUD for non-housing community development needs that principally benefit low- and moderate-income (LMI) persons. A portion of these funds – fifteen (15) percent of the total CDBG allocation — is set aside for job creation, retention and enhancement activities. Most of the remainder is available through an annual competition for public works and community facilities and services. This annual competition is divided into two parts: one competition for community facilities and services and another for traditional water and sewer projects. Cities with populations less than 50,000 and all counties are eligible for CDBG Non-Entitlement assistance. Any program income receipts are used as soon as possible, which in turn allows a corresponding amount of additional resources to be made available on the succeeding competitive round. The amount available in 2017 will be $16,166,572.

Clean Water and Drinking Water State Revolving Loan Funds: The U.S. Environmental Protection Agency capitalizes revolving loan funds for wastewater and drinking water infrastructure improvements. The State Revolving Fund (SRF) programs are jointly administered by the Iowa Department of Natural Resources (DNR) and the Iowa Finance Authority (IFA). DNR assigns priority for use of the funds according to the potential for water quality enhancement. The loans are provided to local governments or public utilities at 1.75 percent for 20-year loans 2.75 percent for 30-year loans.

Planning and Design Loans: Through the SRF, loans for the planning and engineering costs are available at zero percent interest for up to three years.

Other Federal Resources: Several other federal sources of funding for non-housing activities are not administered through the State. These include the following:

- U.S. Department of Agriculture (USDA) Rural Development loans and grants are made directly to local governments for water improvements, sewer systems and other community facilities.
- U.S. Economic Development Administration (EDA) regional revolving loan funds for economic development projects and funds for public works projects designed to stimulate economic development.

### Non-Federal Community Development Resources

Tax Increment Financing (TIF): Local governments often use TIF to support economic development and public infrastructure projects. An eligible project borrows funds — in the form of a bond — in an amount equal to the tax increment generated by the improvements to the project. The city then utlizes incremental tax revenues to repay bonds.

Councils of Governments (COG) Assistance: IEDA administers this state funding that helps support Iowa's COGs. The recipient organizations help communities plan and administer a variety of community development projects.

Community Attractions and Tourism Program: The Community Attraction and Tourism (CAT) Program supports smaller community betterment projects and promotes Iowa tourism. There is no minimum or maximum award amount. Funding for the CAT program is through an appropriation by the Iowa

legislature.

Endow Iowa Grants and Tax Credits: Legislation approved in the 2003 Legislative session and amended in 2005 (HF 868) created two programs that provide funding and/or tax incentives to encourage contributions to community foundations and community-based permanent endowments for community development and community improvement projects.

Home and Community-Based Services Revolving Loan Program: This IFA program is designed to develop and expand facilities and infrastructure that provide adult day services, respite services, and congregate meal sites for low-income Iowans. The loans can be used for construction, permanent financing, or both.

Main Street Mortgage Loan Program: This IFA program provides loans for the rehabilitation of upper floor housing or commercial properties or for new construction on infill lots in downtown areas of communities that participate in the Main Street Iowa Program. The loans can be used for construction, permanent financing, or both.

## Leveraging Federal Resources

The State makes every effort to leverage HOME, HTF, CDBG, ESG, and HOPWA funds with non-federal resources, including each of those identified above. In the past, HOME and CDBG funds have been leveraged by significant amounts and varying types of private and non-federal public funds. Rental projects typically tend to be better leveraged than owner-occupied or homeownership assistance projects. Tax credits available to investors under the Low-Income Housing Tax Credit program represent an increasingly larger funding proportion of affordable rental housing construction. The non-housing community development programs also generate considerable leverage through emphasizing local effort in the state's funding strategy.

# Iowa's Priority Housing and Community Development Needs

Housing:
Overall

- For renters housing cost burden greater than 50% of income is most common.
- For owners, housing cost burden greater than 30% of income was the most common.
- The most severe housing problems are the least common. The impact of these housing
- Problems on different populations/household types will be discussed in the next section.
- For renters and owners, substandard housing, the most severe housing problem, is fourth most prevalent. It is more common than severe overcrowding.

Renters:
The most common housing problems for renters, in descending order, are:

- Housing cost burden greater than 50% of income;
- Housing cost burden between 30 and 50% of income;
- Overcrowding – With 1.01-1.5 people per room;
- Substandard Housing – Lacking complete plumbing or kitchen facilities;
- Severely Overcrowded – With >1.51 people per room.

Owners:
The most common housing problems for owners, in descending order, are:

- Housing cost burden between 30 and 50% of income;
- Housing cost burden greater than 50% of income;
- Overcrowding – With 1.01-1.5 people per room;
- Substandard Housing – Lacking complete plumbing or kitchen facilities;

Community needs:

- Infrastructure
- Community Facilities
- Services to empower families
- Workforce development
- Head start
- Anti-poverty

**Non-Housing Community Development Needs**
Non-housing community development needs are categorized generally as public infrastructure, particularly water and sewer systems, flood and drainage projects, public services and community-based centers and facilities. The types of community facilities projects that are eligible include public utilities, public services, day care centers, medical support systems, senior centers, homeless shelters, public facilities, training programs, supportive services, and stormwater management projects.
The application process for these funds is a competitive process.

**Needs as Expressed in CDBG Applications**
IEDA administers the CDBG program for all Iowa cities and counties, with the exception of the state's entitlement communities. A variety of community development projects are eligible under the CDBG program, the categories of housing, public infrastructure (water and sanitary sewer), public facilities and services, and economic development.

Nearly all CDBG-funded projects must primarily benefit low and moderate income (LMI) persons. Projects with a LMI benefit must demonstrate that at least 51% of beneficiaries are from households with incomes less than 80 percent of area median family income (MFI). Assistance provided directly to an income eligible recipient is considered direct benefit. When a project serves an area of mixed incomes where at least half of the population is income eligible individually, the project is presumed to have an area benefit. Non-housing CDBG applications are almost exclusively limited to projects where residents of the area are predominantly from low-and moderate-income households. For economic development projects at least 51% of jobs created by the project are filled by, or made available to, LMI persons.

Needs shown through CDBG applications are also shaped by local match for projects and by local government initiative and capacity. Local match is not required; however, applications are rated on the level of local match included in the project budget. As such, communities applying for funds typically match CDBG dollars at a one to one or one to two ratio.

The capacity of local governments is sometimes limited due to the lack of full time planning / administrative staff. However, other entities such as COGs, Iowa State University Extension (ISUE), United States Department of Agriculture Resource Conservation and Development (RC&D) offices and private planning and design consultants serve as resources for communities and are available to assist with CDBG related activities.

Communities cite a lack of awareness as a reason for not participating in the CDBG program. In an effort to create additional awareness of programs, the state uses workshops, press releases, community visits, and agency websites to share information. In addition, IEDA work with partners, such as Iowa COGs, to reach communities that may benefit from these programs.

# AP – 20 Annual Objectives and Outcome Measures

*This section of the Annual Action Plan discusses the activities the state is likely to fund in the program year.*

The table on the following pages outlines performance indicators as they relate to the objective, outcomes, and measurables that the state identified in the consolidated plan for 2015-2019. The numbers achieved will be dependent upon the number of applications received for the various types of activities.

The objectives and outcome measures are established by HUD. There are three outcomes: availability/accessibility; affordability; sustainability that can be applied to three objectives: decent housing, suitable living environment, and economic opportunity. Therefore, each of the objectives and outcomes has been set up to show which funding source will help IEDA and IFA accomplish each objective as well as performance indicators over the next 5 years as established in the consolidated plan.

Each year the State will complete an annual action plan with objectives and outcomes that will reflect needs identified in the Consolidated Plan.

| Annual Goals and Objectives | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Sort Order** | **Goal Name** | **Start Year** | **End Year** | **Category** | **Geographic Area** | **Needs Addressed** | **Funding** | **Goal Outcome Indicator** |
| **1** | Creation & preservation of affordable rental hsg | 2015 | 2019 | Affordable Housing<br>Public Housing | | Limited Housing Opportunities | HOME: $6,822,094<br><br>HTF: $2,700,000 | Rental units constructed: 28 Household Housing Unit<br>Rental units rehabilitated: 31 Household Housing Unit<br>Tenant-based rental assistance / Rapid Rehousing: 790 Households Assisted |
| **2** | Creation-Preservation of Affordable Homeownership | 2015 | 2019 | Affordable Housing | | Limited Housing Opportunities | CDBG: $4,771,527<br>HOME: $1,430,696 | Homeowner Housing Rehabilitated: 26 Household Housing Unit<br>Direct Financial Assistance to Homebuyers: 5 Households Assisted |
| **3** | Preserve Short & Long-term Homeless Facilities&HSG | 2015 | 2019 | Affordable Housing<br>Homeless | | Limited Housing Opportunities | ESG: $2,350,000 | Tenant-based rental assistance / Rapid Rehousing: 1050 Households Assisted<br>Homeless Person Overnight Shelter: 4300 Persons Assisted<br>Homelessness Prevention: 1100 Persons Assisted |
| **4** | Creation & preservation of aff rental hsg-CDBG DR | 2015 | 2019 | Affordable Housing | | Limited Housing Opportunities | HOPWA: $340,000 | Tenant-based rental assistance / Rapid Rehousing: 48 Households Assisted<br>Homelessness Prevention: 100 Persons Assisted |
| **5** | Continue Supportive Srvs-Persons with HIV/AIDS | 2015 | 2019 | Non-Homeless Special Needs | | Limited Non-Housing Supportive Services | HOPWA: $40,000 | Public service activities other than Low/Moderate Income Housing Benefit: 150 Persons Assisted |
| **6** | Preserve Short & Long-term Spc Need Facilities&HSG | 2015 | 2019 | Affordable Housing<br>Non-Homeless Special Needs | | Limited Non-Housing Supportive Services | ESG: $30,000 | Public service activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted |

| Annual Goals and Objectives | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Sort Order** | **Goal Name** | **Start Year** | **End Year** | **Category** | **Geographic Area** | **Needs Addressed** | **Funding** | **Goal Outcome Indicator** |
| **7** | Expand/Continue Non-housing Community Dev Sup Srvc | 2015 | 2019 | Non-Homeless Special Needs Non-Housing Community Development | | Limited Non-Housing Supportive Services | CDBG: $1,084,438 | Public service activities other than Low/Moderate Income Housing Benefit: 100 Persons Assisted |
| **8** | Improve & Maintain Water & Sewer Systems | 2015 | 2019 | Non-Housing Community Development | | Aging Infrastructure and Divestment in Communities | CDBG: $7,057,291 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 40000 Persons Assisted |
| **9** | Foster Economic Development | 2015 | 2019 | Non-Housing Community Development | | Aging Infrastructure and Divestment in Communities | CDBG: $3,253,314 | Jobs created/retained: 160 Jobs |
| **10** | Revitalize Divested Downtown Districts | 2015 | 2019 | Non-Housing Community Development | | Aging Infrastructure and Divestment in Communities | CDBG: $3,253,314 | Businesses assisted: 80 Businesses Assisted |
| **11** | Improve and Maintain Community Facilities | 2015 | 2019 | Non-Housing Community Development | | Aging Infrastructure and Divestment in Communities | CDBG: $1,518,213 | Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 10000 Persons Assisted |

# Affordable Housing Goals AP-55

*This section of the Annual Action Plan describes the State's one year goals for the number of households to be provided affordable housing through a variety of housing activities.*

| One year goals for the number of households to be supported: HOME & CDBG | |
|---|---|
| Homeless | 173 |
| Non-homeless | 516 |
| Special-needs | 324 |
| total | 1002 |

| HOME & CDBG: One year goals for the number of households to be supported through: | |
|---|---|
| Rental Assistance | 790 |
| New unit production | 28 |
| Rehab of existing units | 185 |
| Acquisition of existing units | 10 |
| Total | 1049 |

# Activities: AP-25 & AP-30 & AP-90 and AP-40 in CDBG section

*This section of the Annual Action Plan describes the State's method for distributing funds to local governments, for-profit and nonprofit organizations to carry out activities addressing Iowa's priority housing and community development needs.*

## HOME Method of Distribution

The goals of the HOME Investment Partnerships Program are as follows:

- Foster expansion and retention of safe, decent, sanitary and affordable housing for low-income Iowans;
- Develop and strengthen the capacity of local governments and other housing development entities to identify, design and implement strategies addressing affordable housing needs; and
- Provide financial assistance for affordable housing initiatives.

The State of Iowa is a HUD Participating Jurisdiction. In 2010, the State assigned the administration and implementation of the HOME program to IFA, moving it from its home since 1992 at IEDA. IFA will coordinate internal activities with funding opportunities from the State Housing Trust Fund when appropriate.

IFA will administer the HOME program through State administrative rules consistent with 24 CFR 92. Staff will provide technical assistance to eligible applicants in the course of project development through training sessions and consultation available to all interested participants. IFA will perform required monitoring, performance and evaluation reviews to ensure compliance with all applicable Federal rules.

Priority needs were identified at the start of this activities section. The State has allocated its HOME allocation to meet those priorities.

In addition to the stated goals, in 2012 the IFA commissioned RDG Planning & Design to perform a comprehensive housing study to better understand the current and future housing needs of Iowans. The study included both a research and public input component. Forty meetings were hosted in 16 locations throughout the state in which Iowans were asked about the housing choices available to them and any housing shortages in their area. The study found the following as the most likely critical needs over the next 10 years:

- Workforce housing for all income levels
- New and affordable senior housing
- Accommodating preferences of elderly to age in place
- Housing stock reinvestment, maintenance and absorption
- Preservation of existing multifamily rental units available at low or moderate rents

IFA will reserve up to ten (10) percent of its HOME allocation for administration. The State uses these funds to pay for State administrative costs, provide support for the direct administrative costs of successful applicants that are subrecipient organizations and provide for long-term compliance of the projects.

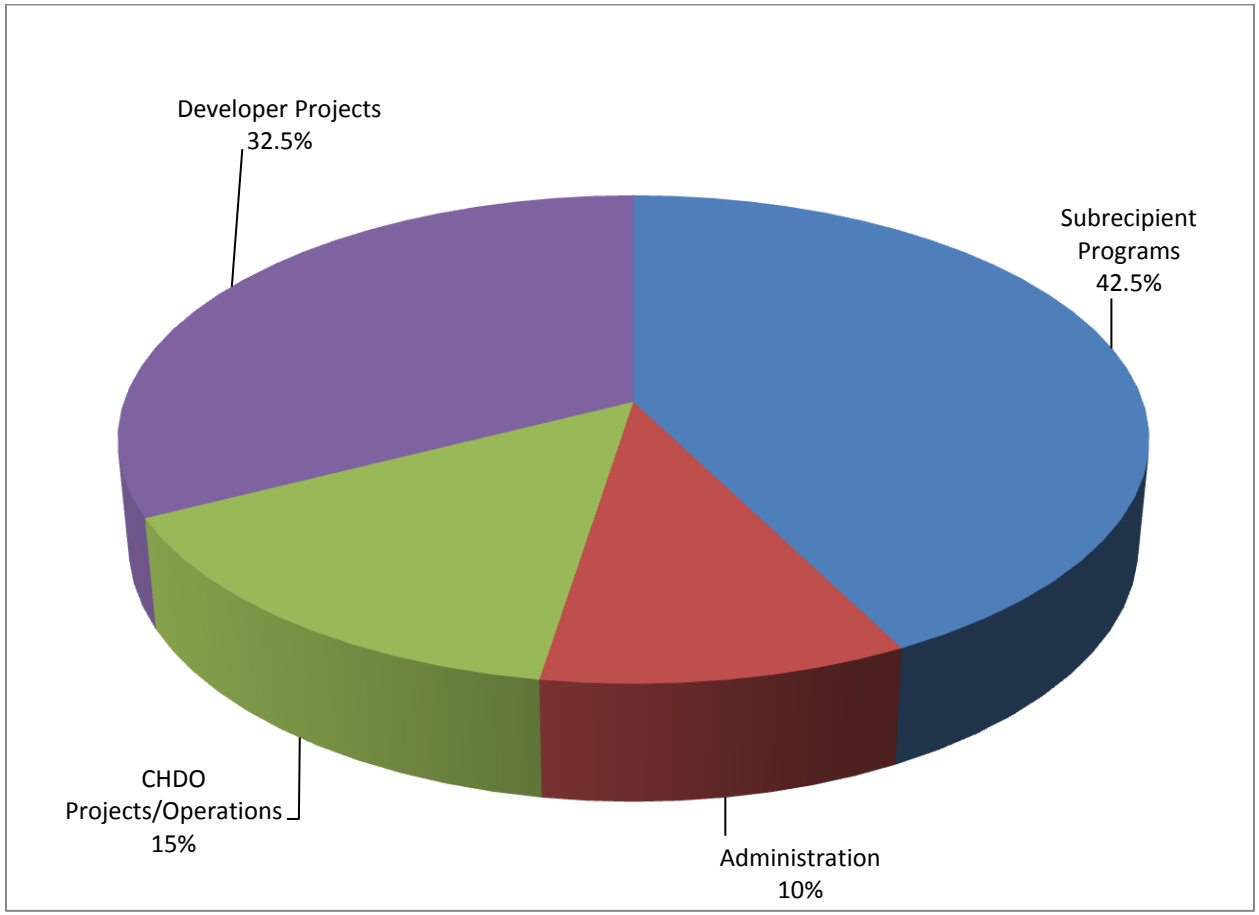
IFA will reserve up to fifteen (15) percent of its HOME allocation for Community Housing Development Organization (CHDO) operations.

The remaining eighty-five (85) percent of the HOME funds are allocated on an annual basis. Funds are distributed to eligible subrecipients and developers through a competitive application process. IFA has increased the emphasis on TBRA in light of the recent housing study and the increased need. Since IFA awards funds based on a competitive round, IFA does not control the number or type of applications that will be submitted.

Applications are reviewed and award decisions are made through a competition for funds. Applicants to the HOME program may request staff assistance in project development prior to submitting an application. IFA also provides regular and ongoing training for developers and subrecipients. Additionally, the HOME application form, administrative rules and *HOME Guides* are available online making it easier for customers to access. All application materials are available on the IFA website. Applications for TBRA, HOME-only rental projects and homebuyer projects will be due to IFA in July or August of 2017.

Similar to other funding jurisdictions, IFA may modify the quantity and type of projects that it chooses to fund as a result of the decreasing funding levels for the HOME program at the Federal level and based on the quality of the applications received. In response to expected funding reductions and IFA's asset management experience, IFA is emphasizing the financial viability of projects that receive HOME funds through strict underwriting standards that focus on long-term sustainability and affordability. IFA is also prioritizing loans over grants for rental applicants in an effort to create a larger pool of available HOME funds and program income to support affordable housing efforts in Iowa. In light of the unpredictability of the funding level for HOME, IFA will not be using HOME funds in conjunction with the Low-Income Housing Tax Credit (LIHTC) program. IFA makes LIHTC awards in March which makes it very difficult to determine if HOME funds will be available.

# IOWA HOME PROGRAM
# (PROPOSED ALLOCATION OF 2017 FUNDS)



IFA will make HOME resources available for the following types of activities:

- homeownership assistance for first-time homebuyers and qualified veterans;
- tenant-based rental assistance; and
- rental

The State administrative rules for the HOME program allow IFA to limit the amount of a single award to no more than:

- $600,000 for a single-family housing activity;
- $1 million for a rental project; and
- $1 million for a TBRA activity.

The State will continue to work with the State's Local Housing Trust Funds and other non-profits to establish interest in and eligibility for CHDO participation in the HOME program. Eligible CHDO activities may be more restrictive than those contained in Federal rules.

Recapture or Resale Provisions (Homeownership Activities)

The IFA will invest HOME resources to benefit qualified first-time, low-income homebuyers through direct acquisition assistance, supplemental rehabilitation activities, and new construction/sale of single family housing when appropriate to further the state's housing goals.

In accordance with the applicable homebuyer recapture/resale provision outlined in 24 CFR Part 92.254, the IFA has adopted the recapture provision for its HOME-assisted homeownership projects. All subrecipients who administer homebuyer programs will follow recapture provisions that have been adopted by the IFA.

The recapture provision is enforced through execution of Covenants and Restrictions recorded at closing, which identify the period of affordability, primary residency requirement, and term and conditions required when using the recapture provision. These provisions will also be detailed in a written agreement executed at closing between the homebuyer and the subrecipient to ensure that the homebuyer is made fully aware of the compliance requirements associated with the use of HOME assistance.
A mortgage secured through a receding forgivable loan will be recorded at the time of closing for the amount of direct subsidy that enabled the homebuyer to purchase the property. This direct subsidy includes down payment assistance, closing costs, or other HOME assistance provided directly to the homebuyer and/or the difference between the fair market value of the property and the purchase price. Direct subsidy to homebuyer activities involving HOME funded rehabilitation after the purchase of the property is calculated by the difference between the fair market value after-rehab and the purchase price. In the event that a homeowner unit that is assisted with IFA HOME Program is sold, conveyed, or otherwise transferred during the affordability period, the total amount of the HOME investment for the homeownership unit, less the prorated HOME investment amount for the length of time the homeowner owned and occupied the unit, will be recaptured out of the available net proceeds. The recapture provision will ensure that each HOME assisted unit will remain affordable for a period of time determined by the following recapture schedule, established in accordance with 24 CFR 92.254(a)(4):

**HOME Funds Provided Period of Affordability**

| | |
|---|---|
| Less than $15,000 | 5 years |
| $15,000 - $40,000 | 10 years |
| More than $40,000 | 15 years |
| New Construction | 20 years |

**Homebuyer Compliance**

Subrecipients are required to track and report to the IFA if recapture or resale activity impacts any HOME-assisted unit. The subrecipient is also responsible for verifying annually that the assisted homebuyer is maintaining the home as the principal residence. A "principal residence verification" report will be submitted annually to the IFA compliance staff.

**Tenant-Based Rental Assistance Compliance**

Rental assistance payments remain a State priority for use of HOME resources. Local market information substantiates a significant level of need in this area. The Housing Study concluded that with housing costs escalating more significantly than household incomes throughout the state, more than 45 percent of Iowa's renter households were cost-burdened in 2010 (paying more than 30 percent of their income towards housing and related expenses), which was an increase of 11 percent as compared to 2000. In 2013, IFA awarded a contract to the Iowa Community Action Association (ICAA) to operate a statewide Tenant-Based Rental Assistance Program (TBRA). ICAA will serve as the administrator of the program and subcontract with member agencies, the 18 Community Action Agencies (CAA), to provide rental assistance to households who qualify for this program. The ICAA TBRA Program has received three annual contracts for nearly $3 million.

IFA will consider applications for TBRA when the applicant certifies compliance with the following:

- Such use is an essential element of its current housing planning strategy for expanding the supply, affordability and availability of decent, safe and sanitary housing and clearly specifies the local market conditions that lead to such a determination.
- Tenants assisted with these funds may be selected from the local public housing authority Section 8 waiting list. TBRA may be provided to low– and very–low-income families in accordance with written policies and criteria related to preference rules, such as those established by the Federal Housing Act.

**Other Forms of Investment**

IFA will continue to search out creative and collaborative means of supplementing the HOME program for housing activities or projects. Most of the additional forms of assistance are established by Federal rule. Accordingly, state administrative rules establish the following eligible forms of assistance under the HOME program:

- equity investments;
- interest bearing loans or advances;
- non-interest bearing loans or advances;
- interest subsidies;

- deferred payment loans;
- forgivable loans; and
- grants.

IFA may seek to amend the administrative rules to allow additional types of investment activity.

Other resources that may be used in a project or activity include the following:

- Federal Home Loan Bank Affordable Housing Program;
- Iowa Finance Authority (various programs);
- local tax abatement;
- local tax increment financing;
- foundation loans/grants;
- charitable source contributions;
- local bond revenues;
- discounted loans from private lenders;
- market rate loans from private lenders;
- USDA - RD;
- HUD;
- Local (community) dollars;
- Local volunteers and service corps; and
- Owner equity.

**Affirmative Marketing**

The State requires HOME program recipients and owners of rental projects and homebuyer projects to adopt affirmative marketing procedures and requirements for all housing containing five or more units. Recipients pattern their affirmative marketing efforts from the *HOME Guides* available on the website. The affirmative marketing plan is a required element of the administrative plan that recipients must submit to IFA. IFA also requires the completion and submission of the either HUD 935.2A or HUD 935.2B, if applicable to the project.

The *Home Guides* outline the following required components of recipients' marketing plans:

- description of methods for informing the public, owners and potential tenants about fair housing laws and policies;
- description of what owners and/or the recipient will do to affirmatively market housing assisted with HOME resources;
- description of what owners and/or the recipients will do to inform persons not likely to apply for housing without special outreach; and
- maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

IFA staff members provide technical assistance to recipients in the development of and compliance with affirmative marketing plans. IFA apprises potential subrecipients and recipients of the need for affirmative marketing strategies at both the applicant workshops, and at recipient workshops. IFA also monitors projects for affirmative marketing policies and activities during the administration of the projects.

Affirmative marketing efforts by the State of Iowa include contracting with the Iowa Civil Rights

Commission. The contract provides financial assistance to the Iowa Civil Rights Commission to conduct fair housing outreach, testing, education, and training to landlords, tenants and developers, and to provide diversity training at conferences and workshops. The State will continue its contract in the coming year with the Iowa Civil Rights Commission to promote fair housing by conducting Fair Housing training, education, testing and outreach.

**Minority and Women Business Outreach**

The State requires recipients to make every effort to solicit the participation of minority- and women-owned businesses (MBE/WBEs) in contracting under the HOME program. Recipients should include qualified MBE/WBEs on solicitation lists and solicit their participation whenever they are potential sources. The *HOME Guides* address the State's Minority/Women Business Enterprise (MBE/WBE) policy. The Guides state that recipients must specify the outreach actions they will take to ensure the inclusion (to the maximum extent possible) of minorities and women and entities owned by minorities and women in all contracts. The *HOME Guides* provide recipients with a list of clearinghouses for solicitation of MBE/WBEs.

Through project monitoring and reporting, IFA project managers review each recipient's documentation of efforts and results in securing contracts with MBE/WBEs. IFA staff members also apprise recipients of MBE/WBE issues at recipient workshops.

The State has an ongoing program of identifying and assisting MBE/WBEs. A component of this effort is the Iowa Department of Inspections and Appeals' targeted small business certification program. The list of certified businesses maintained as part of this program is available to HOME program recipients at the website https://dia.iowa.gov/tsb/index.php/search The Iowa Targeted Small Business Act requires all State departments, agencies, commissions and public education institutions to promote the procurement of goods and services from certified targeted small businesses. IEDA's Targeted Small Business Financial Assistance Program provides funding for MBE/WBEs in the form of loans, equity substitution grants or loan guarantees.

**Limited English Proficiency**

The State is working on writing a "Limited English Proficiency Plan." Six non-metropolitan counties and one metropolitan county have more than ten percent Hispanic residents. We will be working with our Department of Human Rights on access to programs and services (as required under Executive Order 13166 and Title VI of the Civil Rights Act of 1964) for people with limited English that use our CDBG and HOME programs.

**"Money Follows the Person" Initiative**

Iowa's Partnership for Community Integration proposes to assist 75 residents of the State's Intermediate Care Facilities for Persons with Mental Retardation (ICFs/MR) each year in transitioning to independent settings in the community of their choice, where they will receive the enhanced services and supports they need to pursue their personal goals and to achieve a high quality of life. This initiative, made possible through a Money Follows the Person (MFP) grant through the U.S. Department of Health and Human Services, compliments the State's larger strategy to re-balance its systems of long-term support for older Iowans and people with disabilities. MFP is authorized to continue through 2016, with a possibility that the grant may continue thereafter.

Although in total nearly 43,000 affordable rental housing units were identified as operating under one or more of the major affordable housing development programs in Iowa as of July 2007, the availability of

affordable, accessible housing for MFP participants is a key concern. IFA has committed to partner with the Iowa Department of Human Services and the Iowa Olmstead Task Force in implementation of MFP, by working to ensure sufficient legislative appropriations to support the State-funded HCBS Waiver Rent Subsidy program, which serves as the affordability safety net for MFP participants, and by assisting transition specialists in understanding housing assistance programs and securing the participation of local landlords.

# CDBG Method of Distribution

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 has designed its CDBG program to accomplish the following:

- Allow flexibility to meet community priorities;
- Ensure neutrality and fairness in the treatment of all funding applications;
- Assist in preserving Iowa's owner-occupied housing stock;
- Assist communities with developing and improving, in a sustainable manner, basic infrastructure;
- Support economic development activities that primarily benefit low- and moderate-income persons through job creation, training and employment related services.

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 (water and sewer facilities and community facilities), public services, housing rehabilitation, and 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 primarily benefit low and moderate income (LMI) persons. LMI persons are those individuals at or below 80 percent of the area median income, as defined by HUD annually.

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.

The state has allocated its CDBG funding into programs designed to meet the state's priority needs identified previously in this plan.

Each year the actual dollar amount of the CDBG allocation from HUD funding varies, depending upon the formula used by Congress and the amount of federal dollars allocated to the nationwide CDBG program. IEDA designates a percentage of the overall allocation to each fund in order to better illustrate the breakdown of how 2017 dollars will be used. In 2016, the state will be allocated $21,688,760.

The method of distribution for 2017 will be as follows:

- Two (2) percent (plus $100,000) for administrative costs.
- One (1) percent of the allocation for specialized technical assistance programming and/or regional planning and development, or additional administrative activities. Funds anticipated to be approximately $216,886.
- Annual competitive program for Water and Sewer fund. Allocation of 33%. Funds anticipated to be approximately $7,057,291.
- Annual competitive program for Community Facilities fund. Allocation of 7%. Funds anticipated to be approximately $1,518,213.
- Job creation, retention and enhancement fund (including the Economic Development Set-Aside and Career Link programs) Allocation of 15%. Funds anticipated to be approximately $3,253,314.
- Opportunity and Threats. Allocation of 5%. Funds anticipated to be approximately $1,084,438.
- Housing Fund set-aside. Allocation of 22%. Funds anticipated to be approximately $4,771,527.
- Downtown Revitalization fund. Allocation of 15%. Funds anticipated to be approximately $3,253,314.

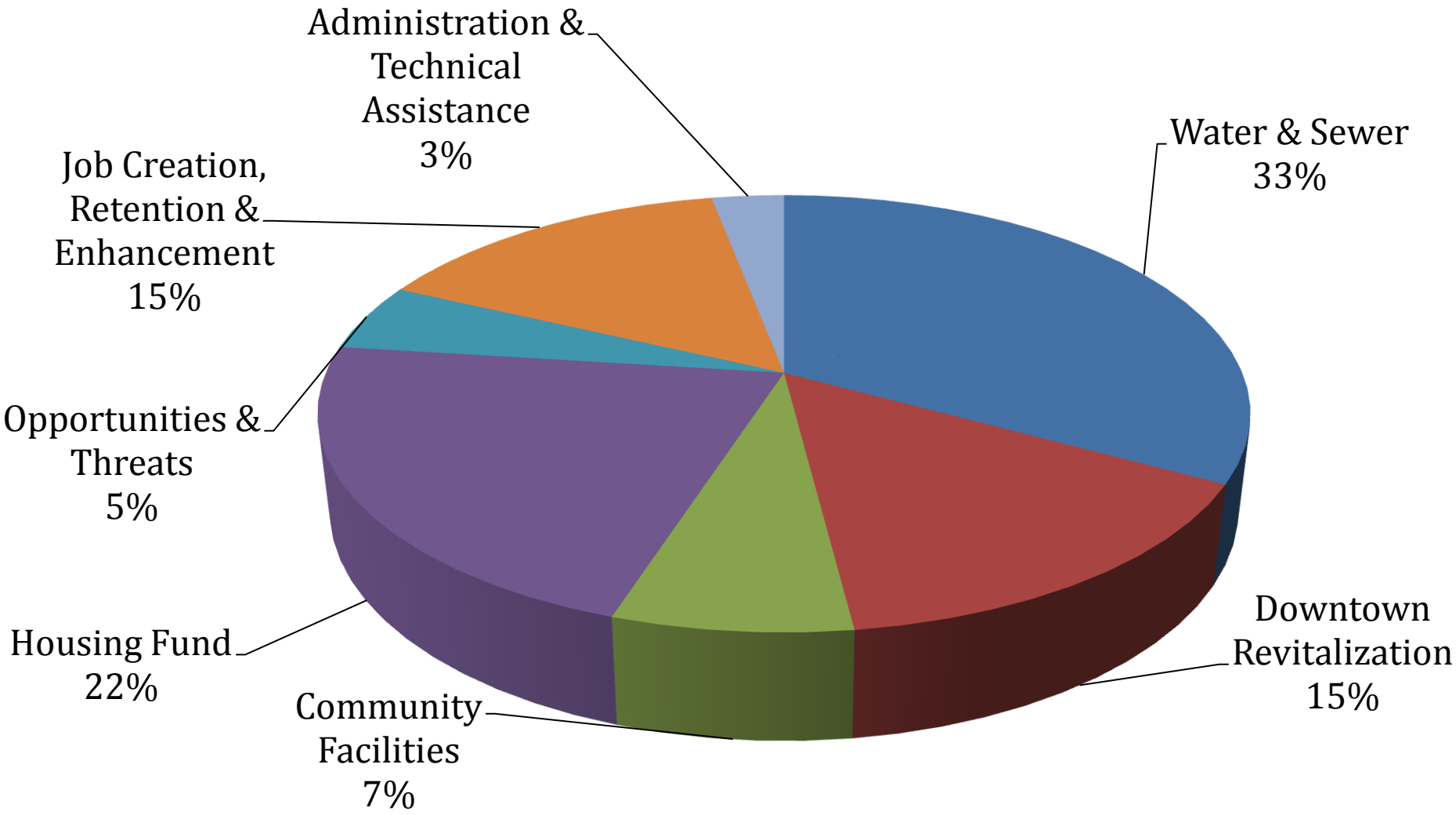
**Disaster Provisions:**

In cases of disaster, the State may allocate recaptured funds, or any uncommitted funds from the current program year, to the Contingency Fund described in the IEDA Administrative Rule 261-23.10, or to the Disaster Recovery Fund described in IEDA Administrative Rule 261-23.14. Funds can only be reallocated under this provision in cases where there has been a Presidential Disaster declaration, or a Governor's Disaster Proclamation, and the reallocated funds may only be used in those geographic areas where the Presidential Disaster declaration or Governor's Disaster Proclamation applies.

**Chart:**

The chart on the following page shows the approximate distribution of the State's CDBG allocation among the program components.

# IOWA CDBG PROGRAM (PROPOSED ALLOCATION OF 2017 FUNDS)



## General Selection Procedures

Applicants for CDBG funds must meet the following threshold criteria:

- Show the project addresses at least one of the three national objectives (primarily benefit low– and moderate–income persons, prevent or eliminates slum and blight or alleviate conditions which pose a serious and immediate threat to the health or welfare of a community's residents);
- Show project funds will be used only for eligible activities;
- Provide evidence of local capacity to administer grant (past experience with state or federal grants, staff qualifications or plans to contract for grant administration);
- Show acceptable past performance in administering a CDBG project;
- Show it is feasible to complete the project with the funds requested;
- To the greatest extent feasible, CDBG funds are to be used as gap financing. Applications are to identify and describe any other sources of funding for proposed activities;
- Identify community development and housing needs;
- Satisfy the Iowa Citizen Participation Plan requirements; and
- Present signed certifications as required.

In addition to satisfying the general program minimum threshold requirements, proposed CDBG projects must follow the specific rules pertaining to the applicable individual program component. Each of these is discussed below.

IEDA hosted an application workshop on September 27, 2016 in Ankeny, Iowa. This workshop covered the Water and Sewer, Community Facilities, Downtown Revitalization, Economic Development Set Aside, Career Link and Housing Sustainability programs. Approximately 80 grant administrators, community officials, and private consultants participated in this workshop. Program information from this workshop is available as reference materials on the IEDA website.

In 2011, IEDA transitioned to an online grant management system called IowaGrants.gov. IowaGrants.gov will be utilized to manage all aspects of CDBG applications and awards (e.g., application submission and review, contract amendments, draw requests, communication, closeout, etc.). IEDA covers updates or changes in IowaGrants.gov at the annual application and award recipient workshops. IEDA has made instructions available on its website regarding the use of Iowagrants.gov.

## Non-housing Competitive Program

About fifty-five (55) percent of the State's annual CDBG allocation from HUD will be distributed through an annual competition for non-housing community development projects. The competitive program is divided into three competitions: the Community Facilities Fund, the Downtown Revitalization Fund, and the Water and Sewer Fund. The Community Facilities and Services Fund will represent seven (7) percent of the State's CDBG allocation; the Water and Sewer Fund will represent thirty-three (33) percent; and the Downtown Revitalization Fund represents fifteen (15) percent. The split in competitions is designed to allow different types of activities to compete well, resulting in the ability for the state to fund the best possible projects.

Eligible activities for the Community Facilities and Services Fund include childcare centers, primary health and mental health facilities, stormwater facilities and facilities or services for elderly persons. Eligible activities for the Water and Sewer Fund include water and sanitary sewer facilities and storm

sewer projects related to sanitary sewer facilities. Eligible activities for the Downtown Revitalization fund are building façade restorations that contribute toward a comprehensive downtown revitalization effort. Projects must take place in the downtown of historic commercial center of the community.

The Water and Sewer and Community Facilities Funds include award caps based on population. The chart below illustrates the maximum amounts communities may apply for under these programs.

| Community population | Maximum CDBG request/ Award amount |
|---|---|
| Less than 300 | $1,000 per capita |
| 300-999 | $300,000 |
| 1,000-2,500 | $500,000 |
| 2,500-15,000 | $600,000 |
| Over 15,000 | $800,000 |

The maximum request/ award amount under the Downtown Revitalization Fund, for a community of any size, is $500,000.

The chart below outlines provides the application due dates for each of the CDBG competitive programs.

| Program | Application Due Date |
|---|---|
| Water and Sewer Fund | January 1, 2017<br>April 1, 2017<br>June 1, 2017<br>October 1, 2017 |
| Community Facilities | January 20, 2017 |
| Downtown Revitalization | February 3, 2017 |

Beginning in 2017, IEDA will accept and review applications for the Water and Sewer Fund on a quarterly basis.

The following is a more detailed description of the review criteria for applications submitted to the Community Facilities and Services Fund:

1) **What is the magnitude of need for the project?**
   High Score = Relatively immediate health or safety concern
   Medium Score = Action needed sometime in the next few years
   Low Score = Proposed project is an "amenity"

2) **To what degree can the project be completed in a timely fashion?**
   High Score = Construction to commence quickly, minimum length, realistic time-frame
   Medium Score = Average/reasonable construction timetable based on project type
   Low Score = Late start, lengthy/unrealistic/unclear timetable

3) **To what degree will CDBG funds be leveraged by other funds?**
   High Score = 55% or more of project financed with leveraged (non-CDBG) funds
   High/Medium= 46-55% of project financed with leveraged funds
   Medium= 36-45% of project financed with leveraged funds
   Medium/Low = 26-35% of project financed with leveraged funds
   Low Score = 25% or less of project financed with leveraged funds

4) **To what degree is the cost per beneficiary within a reasonable range?**
High Score = Less than $5,000 of CDBG dollars per beneficiary
High/Medium= $5,001-$6,500 of CDBG dollars per beneficiary
Medium= $6,501-$8,000 of CDBG dollars per beneficiary
Medium/Low = $8,001-$10,000 of CDBG dollars per beneficiary
Low Score = More than $10,000 of CDBG dollars per beneficiary

5) **What is the potential degree of impact the activity will have on the identified need and the standard of living or quality of life of the proposed beneficiaries (including financial impact and whether or not this project is identified in an Iowa Great Places agreement)?**
High Score = Activity directly and substantially addresses the identified need and is the best long term solution
Medium Score = Partial impact on the identified need
Low Score = Does not have substantial impact on the identified need and/or is not the best long term solution

6) **To what degree is the project ready to proceed?**
High Score = Preliminary work is done and needed financial resources are secured
Medium Score = Some preliminary work done, but some important elements remain undetermined (e.g., site, some financing)
Low Score = Little preliminary work done on site or financing

7) **What is the capacity of the recipient or subrecipient to operate and maintain the proposed activity to ensure its continuing viability?**
High Score = Qualified personnel are already on staff and condition of existing systems indicates past record of proper maintenance
Medium Score = Some problems with maintenance and/or lack of staff, but clear and manageable plans for improvement
Low Score = Existing facilities have been neglected, no clear plans for improved capacity

8) **Number/percentage of low- and moderate-income homeowners in the community/ project area**
High Score = More than 70% LMI population in community/ project area
High/Medium= 64-69% LMI population in community/ project area
Medium= 60-64% LMI population in community/ project area
Medium/Low = 56-59% LMI population in community/ project area
Low Score = 51-55% LMI population in community/ project area

9) **Whether the activity meets or exceeds the minimum building and site design criteria established by IEDA to be eligible for funding. (Iowa Green Streets)**
**(found at http://iowaeconomicdevelopment.com/community/green_initiatives.aspx) ?**
High Score = 171-244
High/Medium= 147-170
Medium= 98-146
Medium/Low = 16-97
Low Score = 2-15

The following is a more detailed description of the review criteria for applications submitted to the Water and Sewer Fund:

1) **What is the magnitude of need for the project?**
High Score = Relatively immediate health or safety concern
Medium Score = Action needed sometime in the next few years
Low Score = Proposed project is an "amenity"

2) **To what degree can the project be completed in a timely fashion?**
High Score = Construction to commence quickly, minimum length, realistic time-frame
Medium Score = Average/reasonable construction timetable based on project type
Low Score = Late start, lengthy/unrealistic/unclear timetable

3) **To what degree will CDBG funds be leveraged by other funds?**
High Score = 55% or more of project financed with leveraged (non-CDBG) funds
High/Medium= 46-55% of project financed with leveraged funds
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Medium= $6,501-$8,000 of CDBG dollars per beneficiary
Medium/Low = $8,001-$10,000 of CDBG dollars per beneficiary
Low Score = More than $10,000 of CDBG dollars per beneficiary

5) **What is the potential degree of impact the activity will have on the identified need and the standard of living or quality of life of the proposed beneficiaries (including financial impact and whether or not this project is identified in an Iowa Great Places agreement)?**
High Score = Activity directly and substantially addresses the identified need and is the best long term solution
Medium Score = Partial impact on the identified need
Low Score = Does not have substantial impact on the identified need and/or is not the best long term solution

6) **To what degree is the project ready to proceed?**
High Score = Preliminary work is done and needed financial resources are secured
Medium Score = Some preliminary work done, but some important elements remain undetermined (e.g., site, some financing)
Low Score = Little preliminary work done on site or financing

7) **What is the capacity of the recipient or subrecipient to operate and maintain the proposed activity to ensure its continuing viability?**
High Score = Qualified personnel are already on staff and condition of existing systems indicates past record of proper maintenance
Medium Score = Some problems with maintenance and/or lack of staff, but clear and manageable plans for improvement
Low Score = Existing facilities have been neglected, no clear plans for improved capacity

8) **Number/percentage of low- and moderate-income homeowners in the community/ project area**
High Score = More than 70% LMI population in community/ project area
High/Medium= 64-69% LMI population in community/ project area
Medium= 60-64% LMI population in community/ project area
Medium/Low = 56-59% LMI population in community/ project area
Low Score = 51-55% LMI population in community/ project area

The following is a more detailed description of the review criteria for applications submitted to the Downtown Revitalization Fund:

1. **To what degree is the proposed activity appropriate for CDBG funding?**
High = Clearly furthers most aspects of the CDBG program purpose
Medium = Relates to some aspects of the CDBG program purpose
Low = Does not appear to further the CDBG program purpose in any meaningful way

2. **To what degree will CDBG funds be leveraged by other funds?**
High Score = 55% or more of project financed with leveraged (non-CDBG) funds
High/Medium= 46-55% of project financed with leveraged fundsMedium= 36-45% of project financed with leveraged funds
Medium/Low = 26-35% of project financed with leveraged funds
Low Score = 25% or less of project financed with leveraged funds

3. **What is the potential degree of impact the activity will have on the elimination of slum and blight identified in the target area?**
High = Activity will directly and substantially address the identified need; immediate results will be achieved; best long term solution
Medium = Partial impact on the identified need; immediate results not evident
Low = Minimal impact on the identified need; results/outcomes are unclear; does not appear to be the best long term solution

4. **To what degree do the proposed design criteria address identified contributing factors to slum and blight in the target area?**
High= Designs presented address nearly all or all factors/ conditions contributing to slum and blight in the target area
Medium= Designs presented address the majority of factors/conditions contributing to slum and blight in the target area
Low= Designs presented address few factors/conditions contributing to slum and blight in the area

5. **To what degree is the project ready to proceed?**
High = Preliminary work is done and needed financial resources are secured
Medium = Some preliminary work done, but some important elements remain unfinished or undetermined (e.g. planning, some financing)
Low = Little preliminary work done; minimal planning; uncertainty about other financing

6. **To what degree is the scale and scope of the project appropriate for the CDBG timeframe?**
   High = Construction to commence quickly; minimum length; realistic time-frame
   Medium = Average/reasonable construction timetable based on project type
   Low = Late start; lengthy/unrealistic/unclear timetable

7. **What is the degree of community involvement for the proposed downtown revitalization effort?**
   High = Strong outreach/involvment documented by all parties involved; high level of project support
   Medium = Some involvement/outreach has taken place. Full support not evident, but discussions among all parties is on-going
   Low = Little outreach or public involvement shown; all necessary parties have not been contacted and discussions have been minimal.

8. **To what degree does the activity meet or exceed the minimum building and site design criteria (Green Streets Criteria) established by IEDA to be eligible for funding (found at http://iowaeconomicdevelopment.com/community/green_initiatives.aspx) ?**
   High Score = 171-244
   High/Medium= 147-170
   Medium= 98-146
   Medium/Low = 16-97
   Low Score = 2-15

After the applications have been evaluated using the above review criteria, all applications are summarized and funding recommendations are presented to the IEDA Community Development Division Administrator. Upon approval from the Community Development Division, funding recommendations are then presented to the IEDA Director for a final funding decision.

The HUD certifications included at the end of this Plan require IEDA to evaluate each proposal to ensure the minimum federal funds necessary. Where program awards are made to local recipients for unspecified sites, the recipient is asked to establish the project investment methodology to be used to select project sites and the feasibility of establishing the sites in a timely manner.

## Housing Competitive Program

Twenty-two percent of the State's annual CDBG allocation from HUD will be distributed through an annual competitive housing application process for owner-occupied rehabilitation for low to moderate income households. All housing assisted under the program will be single-family housing serving as a homeowner's principal residence. All houses will be rehabilitated in accordance with any locally adopted building or housing codes, standards and ordinances. If locally adopted and enforced building and housing codes do not exist, the Iowa Minimum Housing Rehabilitation standards, including any applicable green criteria, will be required.

Applications will be January 13, 2017. Award decisions are expected to be made by May 2017.

IEDA staff review Housing Fund applications using a threshold and competitive criteria review system, taking into account need, impact, and feasibility. The criteria reflect the State's Consolidated Plan priorities. The following list of questions will be used to evaluate the Owner –Occupied Housing Rehabilitation funding requests, and reflect the type of review and evaluation that will be done on each application.

All rehabilitation hard costs funded with housing funds are limited to $24,999. All applicable technical services costs, including any lead hazard reduction carrying costs, are limited to $4,500 per unit.
The maximum per unit subsidy for all single-family activities involving rehabilitation is $37,500. The $37,500 per unit limit includes all applicable costs including, but not limited to, the hard costs of rehabilitation, technical services costs, including lead hazard reduction carrying costs; lead hazard reduction costs; and temporary relocation.

In 2017, IEDA plans to implement two pilot projects under our housing program: 1. Gut rehabilitation and 2. Rehabilitation of historic homes. For these pilots, the amounts established above may be waived by IEDA if necessary to meet program requirements, including lead based paint reduction requirements.

The following is a more detailed description of the review criteria for applications submitted to the Housing Fund:

1. **What level of need is explained and documented in the application?**
   High Score = Well documented and explained, references to supporting data given (excerpts/attachments, etc.)
   Medium Score = Weaker arguments, references or support documentation
   Low Score = Insufficient need arguments given, little or no support documentation

2. **Number/percentage of low- and moderate-income homeowners in the community?**
   High Score = More than 70% LMI population in community/ project area
   High/Medium= 64-69% LMI population in community/ project area
   Medium= 60-64% LMI population in community/ project area
   Medium/Low = 56-59% LMI population in community/ project area
   Low Score = 51-55% LMI population in community/ project area

3. **What level of impact will the completion of this program have on the community?**
   High Score = Greater than 8% impact
   High/Medium= 6-7.9% impact

Medium= 4-5.9% impact
Medium/Low = 2-3.9% impact
Low Score = 1.9% or less impact

**4. What level of involvement does the community have in other housing/community improvement activities?**

High Score = vibrant community indicators, has community and economic development related programs/projects/activities, lots of active players (lenders/realtors, community organizations, businesses, schools, etc.), comprehensive and complementary activities
Medium Score = Some efforts underway but few activities and/or low participation
Low Score = Little or no other housing/community improvement activities, little community involvement

**5. At what level is the program part of an ongoing, comprehensive local housing effort?**

High Score = This proposal is not the only existing housing stock improvement effort, many related or complimentary housing projects being undertaken that benefit LMI population in the existing residential area of the community
Medium Score = Related to other housing efforts, more could be accomplished
Low Score = Few or no other housing related activities undertaken, little or no relationship

**6. What level of readiness does this community show?**

High Score = Public hearings and meetings, have marketed the proposed activity, high number of pre-apps received, documented interest in participation, steps taken to ensure project can begin shortly after funding
Medium Score = Not quite as ready, potential for success and timely completion but less effort made to identify adequate number of participants.
Low Score = Little or no effort made up-front to ensure success or timeliness

**7. What is the level of local match per capita?**

<u>For communities with populations less than 5,000:</u>
High Score = $11 or more per capita
High/Medium= $8.01-$10.99 per capita
Medium= $5.01-8.00 per capita
Medium/Low = $2.01-5.00 per capita
Low Score = Less than $2 per capita

<u>For communities with populations over 5,000:</u>
High Score = Over $3000 per unit
High/Medium= $2501-3000 per unit
Medium= $2001-2500 per unit
Medium/Low = $1000-2000 per unit
Low Score = Less than $999 per unit

After the applications have been evaluated using the above review criteria, all applications are summarized and funding recommendations are presented to the IEDA Community Development Division Administrator and IEDA Director, and a final funding decision is determined.

The HUD certifications included at the end of this Plan require IEDA to evaluate each proposal to ensure the minimum federal funds necessary. Where program awards are made to local recipients for unspecified sites, the recipient is asked to establish the project investment methodology to be used to select project sites and the feasibility of establishing the sites in a timely manner.

## Job Creation, Retention and Enhancement Fund

The State will reserve fifteen percent of its CDBG funds for job creation, retention and enhancement. Programs will include Economic Development Set Aside (EDSA) and Career Link.

EDSA funds will be used for direct loans and forgivable loans to private businesses that are creating and/or retaining jobs and making capital investments within the state. The majority of jobs (51%) created and/ or retained as a result of the project must be filled or made available to LMI individuals. Funds can support construction, machinery and equipment costs and infrastructure in direct support of economic development opportunities.

EDSA applications accepted on an on-going basis. The maximum EDSA award is $1,000,000 per application. Applications must show a ratio of no more than $20,000 of CDBG funds per job being created or retained as a result of the project.

IEDA accepts EDSA applications and makes awards made on a continual basis. A funding decision will be made within sixty (60) days of receipt of a complete application. EDSA applications are reviewed by IEDA staff and approved by the IEDA board of directors.

The state evaluations EDSA applications on the following criteria:

Impact of the project on the community: The Department will use a fiscal impact model to determine the financial return on investment for the community and thus the state. Factors include cost versus expenditures including local, private, and public investment calculated over a 10 year term.

Appropriateness of the jobs to be created or retained by the proposed project: Companies assisted must demonstrate that jobs created or retained will meet 80% of the area's laborshed wage. Laborshed wages for Iowa communities can be found at IEDA's website at iowaeconomicdevelopment.com. Proposed projects must demonstrate that jobs created or retained under the project will primarily benefit LMI individuals.

Appropriateness of the proposed wage and benefit package available to employees for jobs created or retained by the proposed project: Companies assisted must provide a benefit package to employees that includes health and dental coverage

Degree to which EDSA funding would be leveraged by private investment: At least 50% of the project must be supported by non- CDBG funds. Other project funds may come from local, state, federal and private sources.

Degree of demonstrated business need: The application must demonstrate that other sources of financing were pursued or that federal dollars are needed to make the project viable. CDBG funding must be be justified as necessary and appropriate

Any funds remaining in the EDSA program at the end of the program year are rolled into another approved program and awarded under the requirements of the program.

## Career Link

Career Link is targeted to Iowa's unemployed and underemployed population who may benefit from training opportunities and supportive services needed to move into higher skilled and higher paying jobs. Career Link seeks to bridge the gap between employers' need for skilled workers and the opportunity for LMI individuals to move into higher skilled, higher paying jobs. The Career Link program can assist with: 1. Job training for primarily LMI individuals and 2. Supportive employment services for primarily LMI individuals, including employment related transportation services. The Career Link program can also be used to address other employment barriers by providing funding for supportive services, including employment related transportation services. Eligible activities include training, childcare, transportation and related supportive services.

Career Link is designed to serve employers and the targeted employee group. Current workforce training programs often serve new or expanding businesses, but offer few choices for existing firms that lack qualified skilled workers to fill current positions. Even when employers can tap into available training resources, they face limitations such as lack of funding for childcare and/or transportation costs necessary for many workers to access training opportunities. Workforce training programs funded under Career Link must document training needs in the defined service area and must establish partnerships linking potential program participants with business needs and job opportunities. These partnerships typically include employers in the area with similar needs regarding employee skills and area training providers such as community colleges, community action agencies, workforce development centers or other regional contractors.

Businesses participating in the Career Link program may not include retail or service businesses. A service business would be service business is a business providing services to a local consumer market which does not have a significant proportion of its sales coming from outside the state.

Career Link funds are used as gap financing, providing financial assistance only to fill needs unmet by existing resources.

Applications for Career Link training projects are evaluated on the following criteria and thresholds:

Quality of the jobs available and business participation: IEDA will consider the pay scale and wage progression of available positions, benefits offered to available positions, the level of business participation in the curriculum design, and financial and in-kind contribution of the businesses. Only proposals documenting available job openings equal or greater in number to the number of persons to be trained will be considered.

Merit of the proposed training plan: IEDA will consider appropriateness of the training to the employer needs, timeframe and efficiency of training delivery.

Degree to which Career Link funds are leveraged by other funding sources: IEDA will consider the amount of matching funds committed to the project and the amount of other funding leveraged.

Merit of the recruitment/job matching plan: IEDA will consider if recruitment and job matching plans are appropriate and include these activities involve the appropriate entities and resources.

Scope of the project benefit relative to the amount of funds invested: The application must demonstrate that other sources of financing were pursued or that federal dollars are needed to make the project viable.

Applications for Career Link supportive services projects, including employment related transportation, are evaluated on the following criteria and thresholds:

Degree to which Career Link funds are leveraged by other funding sources: IEDA will consider the amount of matching funds committed to the project and the amount of other funding leveraged. A $1 for $1 catch match will be required for supportive services projects. Matching funds may include other private, local, state, and/or federal funds committed to the project. Career link funds may be used only for operational expenses.

Scope of project benefit relative to the amount of funds invested: The application must demonstrate that other sources of financing were pursued or that federal dollars are needed to make the project viable. Applications should discuss a plan for continuation of services after Career Link funding has expired.

Magnitude of the need for the project: IEDA will consider the need for the project, including impacted employers, number of beneificiaries to be served, and why current services are not adequate to meet participant and employer needs. The application must demonstrate that other sources of financing were pursued and that federal dollars are needed to make the project viable.

Local support for the project: IEDA will consider the number of partners involved in the project. Partners could include local government, regional agencies and area non-profits. Applications should discuss how each entity will contribute to the project to ensure success.

IEDA accepts Career Link applications and makes awards made on a continual basis. Funds for supportive services may be awarded on a competitive basis. The maximum award for a supportive services project is $150,000; Training projects do not have an award cap.

Up to five (5) percent of the award amount under Career Link will be provided for administrative costs.

## Opportunities and Threats Fund

Up to five (5) percent of the State's CDBG allocation is reserved to assist communities that 1. Experience an imminent threat to public health, safety or welfare that necessitates corrective action sooner than could be accomplished through the annual competitive program such as disaster recovery or other unforeseen events or 2. Demonstrate sustainable community activities.

Projects funded through the Sustainable Demonstration Fund must have tangible, unique impacts for environmental sustainability, and serve as a model demonstration for other communities in Iowa. The maximum Sustainable Demonstration award is $1,000,000 per application.

Communities in need of these funds submit a written request to IEDA. Requests are accepted any time during the year. Upon receipt of a request for funding, IEDA will determine whether the community and project are eligible for funding. This determination will be made in consultation with appropriate federal, state and/or local agencies.

IEDA will review Opportunties and Threats Fund applications under the following criteria (either A or B below):

A. Projects addressing a threat to health and safety:
- The project must meet one of the three national objectives of CDBG;
- It must be eligible;
- An immediate threat must exist to health, safety or community welfare that requires immediate action;
- The threat must result from unforeseeable and unavoidable circumstances or events;
- No known alternative project or action would be more feasible than the proposed project;
- Sufficient other local, state or federal funds (including the competitive CDBG program) either are not available or cannot be obtained within the time frame necessary to address the problem.

B. Projects addressing demonstrating sustainable community activities:

**To what degree is the project consistent with sustainability and smart growth principles?**
High = Strong evidence that the project is consistent with sustainability and smart growth principles
Medium = Some components of the project are consistent with sustainability and smart growth principles; minor changes could make project consistent
Low = Little/ no evidence that project will be consistent with sustainability & smart growth principles

**What is the potential degree of impact the activity will have on the identified need and the standard of living or quality of life of the proposed beneficiaries (including financial impact and whether or not this project identified in an Iowa great places agreement)?**
High = Activity will directly and substantially address the identified need; immediate results will be achieved; best long term solution
Medium = Partial impact on the identified need; immediate results not evident
Low = Minimal impact on the identified need; results/outcomes are unclear; does not appear to be the best long term solution

**To what degree is the project ready to proceed?**
High = Preliminary work is done and needed financial resources are secured

Medium = Some preliminary work done, but some important elements remain unfinished or undetermined (e.g. planning, some financing)
Low = Little preliminary work done; minimal planning; uncertainty about other financing

**To what degree can the project be completed in a timely fashion?**
High = Construction to commence quickly; minimum length; realistic time-frame
Medium = Average/reasonable construction timetable based on project type
Low = Late start; lengthy/unrealistic/unclear timetable

**To what degree will CDBG funds be leveraged by other funds?**
High = One-half or more of project financed with leveraged (non-CDBG) funds
Medium = One-third to one-half of project financed with leveraged funds
Low = Less than one-third of project financed with leveraged funds

**What is the capacity of the recipient or sub-recipient to maintain the proposed activity to ensure its continued viability after CDBG assistance?**
High = Qualified personnel available; evidence that continued viability can be easily achieved
Medium = Some issues with lack of personnel, but clear and manageable plans for improvement to maintain viability
Low = No clear plans for improved capacity; continued viability questionable

**To what degree is the proposed activity appropriate for CDBG funding?**
High = Clearly furthers most aspects of the CDBG program purpose
Medium = Relates to some aspects of the CDBG program purpose
Low = Does not appear to further the CDBG program purpose in any meaningful way

**To what degree is the total project design and cost information adequate?**
High = Extensive project design completed; project costs have been determined
Medium = Some project design completed; project costs are best estimates
Low = Little or no project design documented; not comprehensive in nature

**To what degree is the project innovative and able to be replicated in other communities?**
High = New idea; highly innovative and something that could be easily replicated in other communities.
Medium = Only some components are innovative; could still be replicated
Low = Project is not innovative; implementation of basic or standard practices only

**To what degree does the activity meet or exceed the minimum building and site design criteria (Green Streets Criteria) established by IEDA to be eligible for funding (found at http://iowaeconomicdevelopment.com/community/green_initiatives.aspx) ?**
High = 71 – 244 Points
Medium = 16 – 70 Points
Low = 2 – 15 Points

Upon complete review of the Opportunities and Threats Fund request, IEDA will notify the community of its funding decision.

## Section 108 Loan Guarantee Program: AP-40

Section 108 is the loan guarantee component of the Community Development Block Grant (CDBG) Program. The Section 108 loan guarantee program allows states to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects capable of renewing entire neighborhoods. Such public investment is often needed to inspire private economic activity and provide initial resources needed to implement community development projects. States borrowing funds guaranteed by HUD through the Section 108 program must pledge their current and future CDBG allocations as security for the loan.

The state of Iowa received approval from HUD in June 2015 for establishment of a Section 108 loan guarantee program. In September 2015, HUD notified IEDA of the opportunity to secure additional funds for the state's 108 program. The state requested additional funding from HUD and received approval for additional funds. Both approvals from HUD allocate a total of $30 million to the state's108 program.

Section 108 funds will be available for 4 types of projects:

8. Large scale economic development projects
9. Adaptive conversion or reuse for residential development
10. Rehabilitation of upper story residential units
11. Rehabilitation of single family residential units

All Section 108 assistance will be in the form of a loan. Loans are anticipated to be below market interest rates, based on LIBOR and Treasury note rates. Terms will vary from seven (7) up to fifteen (15) years dependent on the nature of the project and the loan security offered. The most common loan term is expected to be ten (10) years.

IEDA released the state's Section 108 program on September 28, 2015. IEDA will accept and review application on a continual basis until all program funds are exhausted. Both IEDA and the HUD must approve of all projects.

## Section 108 Economic Development projects

Section 108 funds will be available to projects for loans on behalf of private businesses when the project includes substantial capital investment and demonstrates jobs will be created or retained in the state of Iowa. Retained jobs are considered to be at-risk jobs that would otherwise be lost to the state should the project not proceed.

Projects funded under this component must meet a number of minimum threshold criteria. The majority of jobs (51%) created and/ or retained as a result of the project must be filled or made available to LMI individuals. A ratio of at least one job created or retained for every $20,000 of CDBG funds must be maintained. The starting wage of jobs to be created or retained must be considered a livable, competitive wage for the area of the project. The application must demonstrate that other sources of financing were pursued or that federal dollars are needed to make the project viable.

The minimum loan request under this component is $1,000,000 and the maximum request is $10,000,000.

Applications for Section 108 economic development projects will be evaluated on the following criteria:

**1) What level of need for Section 108 funds is explained and documented in the application?**

- Higher Score = Well documented and explained, references to supporting data given (excerpts, attachments, maps, studies, etc.)
- Medium Score = Weaker arguments, explanations, references and/or support documentation.
- Low Score = Insufficient level of need argument given, little or no support documentation.

**2) What level of impact will the completion of this project have on the local workforce?**

- Higher Score = Large number of jobs in relation to the community; competitive or above average wages & benefits; long-term local company viability; "spin-off" job potential.
- Medium Score = Fair number of jobs in relation to the community; standard wages & benefits for the area; uncertain long-term local viability of the company; limited "spin-off: job creation.
- Low Score = Small number of jobs in relation to the community; below standard wages & benefits for the area; questionable long-term local viability of the company; no "spin-off: job creation likely to occur.

**3) What level of other funding is being injected into the overall project?**

- Higher Score = Requirement for non CDBG funds injection percentage exceeded.
- Medium Score = Requirement for non CDBG funds injection percentage met.
- Low Score = Requirement for non CDBG funds injection percentage not met.

**4) What level of collateral, security, financial feasibility and repayment capacity are offered?**

- Higher Score = Debt service ratio and equity well above requirement, clear and reliable repayment stream identified, more than adequate security and collateral offered. Good financials and business plan.
- Medium Score = Debt service ratio and equity slightly above requirement, repayment stream not completely clear or reliable, likely adequate security and collateral offered. Fair financials and business plan.
- Low Score = Debt service ratio and equity at minimum requirement, repayment stream reliability and identity uncertain, security and collateral insufficient. Poor financials and business plan.

**5) How efficiently are awarded funds being utilized for job creation/retention?**

- Higher Score = Total program cost/job is below program requirement.
- Medium Score = Total program cost/job is at program requirement.
- Low Score = Total program cost/job exceeds program requirement.

**6) What level of the capacity does the company demonstrate to implement and maintain a successful project?**

- Higher Score = Company has consistent record of timeliness, market success, cost control and workforce stability.
- Medium Score = Company has inconsistent or mixed record of timeliness, market success, cost control and workforce stability.
- Low Score = Company has poor record of timeliness, market success, cost control and workforce stability.

**8) What level of readiness do the company and community demonstrate?**

- Higher Score = Project shovel ready upon grant award - property control, environmental, contractors and other funding sources all in place. Aggressive project timeframe submitted.
- Medium Score = Project not immediately ready upon grant award - property control, environmental, contractors and other funding sources not all finalized. "Leisurely" project timeframe submitted.
- Low Score = Project start date uncertain or unknown – questions concerning control of property, environmental status, available contactors and /or commitment of other funding sources. Lengthy project timeframe submitted.

**9) What level of impact will the completion of this project have on the local/regional/state economy?**

- Higher Score = Large addition to local payroll; substantial immediate increase in local property tax base; substantial increase in local sales tax. Positive effect on other Iowa businesses.
- Medium Score = Non-remarkable addition to local payroll; non-substantial eventual increase in local property tax base; non-substantial increase in local sales tax. Neutral effect on other Iowa businesses
- Low Score = Small addition to local payroll; small eventual increase in local property tax base; little or no increase in local sales tax. Negative effect on other Iowa businesses

**10) Number/percentage of low- and moderate-income benefit?**

- Higher Score = High percentage of LMI persons directly assisted through provision of new or retained jobs well above 51%.
- Medium Score = Percentage of LMI persons directly assisted through provision of new or retained jobs just above 51%.
- Low Score = Percentage of LMI persons directly assisted through provision of new or retained jobs just at 51%.

After the applications have been evaluated using the review criteria as listed above, all applications are summarized and funding recommendations are presented to the IEDA Community Development Division Administrator and IEDA Director, and a preliminary funding decision is determined. Such determination is then forwarded on to HUD for final approval.

## Section 108 Housing Development projects

The three housing related components of the Section 108 program (adaptive reuse, upper story rehabilitation and single family rehabilitation) will be made available to communities/ developers with large scale residential projects designed to meet the state's housing needs.

The maximum single project request for any of the housing components is $10,000,000. The minimum request is $1,000,000 for multi-family assistance projects and $500,000 for single family residential projects.

Applications for Section 108 housing projects will be evaluated on the following criteria:

**1) How well does the applicant explain the project objectives?**

- Higher Score = Complete, accurate, concise description with all necessary details, evidence of high degree of substance, efficiency and sustainability. There must be evidence of community participation in the development of the proposed project
- Medium Score = Missing pieces of information which raises some questions, limited community participation, ambiguity of goals and objectives and how they will be met.
- Low Score = Incomplete, inaccurate, confusing or contradictory information, little or no community participation, inefficient, unsustainable or undocumented activities

**2) What level of need for Section 108 funds is explained and documented in the application?**

- Higher Score = Well documented and explained, references to supporting data given (excerpts, attachments, maps, studies, etc.)
- Medium Score = Weaker arguments, explanations, references and/or support documentation
- Low Score = Insufficient level of need argument given, little or no support documentation

**3) Number/percentage of low- and moderate-income benefit?**

- Higher Score = High percentage of LMI population directly assisted through provision of new or rehabilitated housing units.
- Medium Score = Mid-range % of LMI population directly assisted through provision of new or rehabilitated housing units.
- Low Score = Relatively low % of LMI population directly assisted through provision of new or rehabilitated housing units.

**4) What level of impact will the completion of this program have on the community?**

- High Score = High degree of alleviation or mitigation of identified needs; meeting of project objectives.
- Medium Score = Moderate degree of alleviation or mitigation of identified needs; meeting of project objectives.
- Low Score = Low degree of alleviation or mitigation of identified needs; meeting of project objectives.

**5) What level of collateral, security, financial feasibility and repayment capacity are offered?**

- Higher Score = Debt service ratio well above requirement, clear and reliable repayment stream identified, more than adequate security and collateral offered. Good financials.
- Medium Score = Debt service ratio slightly above requirement, repayment stream not completely clear or reliable, likely adequate security and collateral offered. Fair financials.
- Low Score = Debt service ratio at minimum requirement, repayment stream reliability and identity uncertain, security and collateral insufficient. Poor financials.

**6) Reuse/Preservation of historic, vacant, under-utilized or "signature" buildings?**

- Higher Score = Project primarily targeted to historic, vacant, underutilized or signature buildings.
- Medium Score = Project includes several historic, vacant, underutilized or signature buildings.

- Low Score = Project contains few or no historic, vacant, underutilized or signature buildings.

**7) What level of other funding is being injected into the overall project?**

- Higher Score = Requirement for non CDBG funds injection percentage exceeded
- Medium Score = Requirement for non CDBG funds injection percentage met
- Low Score = Requirement for non CDBG funds injection percentage not met

**8) What level of readiness do the community and developer show?**

- Higher Score = Project shovel ready upon grant award - property control, environmental, contractors and other funding sources all in place. Aggressive project timeframe submitted.
- Medium Score = Project not immediately ready upon grant award - property control, environmental, contractors and other funding sources not all finalized. "Leisurely" project timeframe submitted.
- Low Score = Project start date uncertain or unknown – questions concerning control of property, environmental status, available contactors and /or commitment of other funding sources. Lengthy project timeframe submitted.

**9) How efficiently are awarded funds utilized for projects activities?**

- Higher Score = Total program cost/assisted residential unit relatively low
- Medium Score = Total program cost/assisted residential unit not comparatively high nor low
- Low Score = Total program cost/assisted residential unit relatively high

**10) What level of the capacity does the development team demonstrate to carry out a successful project?**

- Higher Score = Development team has consistent record of timeliness, achievement and cost control in implementing and completing similar projects in the past.
- Medium Score = Development team has inconsistent or unclear record of timeliness, achievement and cost control in implementing and completing similar projects in the past.
- Low Score = Development team has poor record of timeliness, achievement and cost control in implementing and completing similar projects in the past.

After the applications have been evaluated using the review criteria as listed above, all applications are summarized and funding recommendations are presented to the IEDA Community Development Division Administrator and IEDA Director, and a preliminary funding decision is determined. Such determination is then forwarded on to HUD for final approval.

The HUD certifications included at the end of this Plan require IEDA to evaluate each proposal to ensure the minimum federal funds necessary. Where program awards are made to local recipients for unspecified sites, the recipient is asked to establish the project investment methodology to be used to select project sites and the feasibility of establishing the sites in a timely manner.

## Technical Assistance and Administration

The State will reserve about two (2) percent (plus $100,000) of its CDBG allocation for administrative costs. IEDA will use one (1) percent of the allocation for specialized technical assistance programming and/or regional planning and development, or additional administrative activities. IEDA will continue to explore and fund specialized technical assistance activities to help build capacity in Iowa communities in 2016. One that will be funded includes the Community Facility and Stormwater Project Design Consultations: To continue Iowa's efforts to build local capacity for designing and constructing community facility and community stormwater projects that are high performing, sustainable, durable, healthy and safe, a multidisciplinary team of design professionals skilled in high performance design and construction practices will provide design consultation services to intended future CDBG project applicants. In addition, training opportunities will be made available to the project contractors and main subcontractors on high performance building practices and meeting the Iowa Green Streets Criteria.

## Plans to Minimize Displacement

The State takes several steps to minimize displacement resulting from CDBG activities. All applicants for CDBG funds must certify they will make every effort to minimize displacement. All CDBG recipients are required to submit an adopted Residential Anti-displacement and Relocation Assistance Plan prior to drawing CDBG funds. The State also requires grant recipients to pay relocation costs in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended and implemented by 49 CFR, Part 24 or other approved Local Displacement Plans.

Definitions of terms:
Standard Condition**:** dwelling units meet the locally adopted and enforced building/housing codes, or if none exist the Iowa Minimum Housing Standards (Rehabilitation).

Substandard Condition**:** dwelling units **do not** meet the locally adopted and enforced building/housing codes, or if none exist the Iowa Minimum Housing Standards (Rehabilitation).

Substandard condition suitable for rehabilitation**:** dwelling units **do not** meet the locally adopted and enforced building/housing codes, or if none exist the Iowa Minimum Housing Standards (Rehabilitation), and they are financially, structurally, and environmentally feasible to rehabilitate.

## Program Income/Remaining Funds/Recaptured Funds

If a recipient receives program income before the contract end date, it must be expended before requesting additional CDBG funds. If a recipient receives program income on or after the contract end date, the recipient may re-use the program income according to an IEDA-approved re-use plan, or the recipient may return the program income to IEDA. If a recipient receives less than $35,000 of program income cumulative of all CDBG grants in a calendar year, it will be considered miscellaneous revenue and may be used for any purpose.

Any funds recaptured or remaining for any reason and not covered by an IEDA-approved re-use plan must be returned to the IEDA. Recaptured funds will be committed to current (open) contracts. Any funds reallocated to the State by HUD will be distributed in the established percentages to each of the existing programs. Any remaining, redistributed, or recaptured funds at the end of a program year will be carried forward to the next program year upon receipt of the next year's funding allocation from HUD. These funds will be reallocated in amounts and to funds as approved by the IEDA Director. The priority of the reallocation of those funds is Water & Sewer Fund, Downtown Revitalization Fund, Community

Facilities and Services fund, and then the Housing Fund.

### Training of State Staff, Recipients and Administrators

The state annual offers a recipient training workshop for all grantees. Typically the grantee (city or county) and grant administrators attend the training. The training is conducted by state staff and includes a chance for instruction, discussion and peer interaction. Information at the workshop is designed to help grantees understand the requirements and responsibilities associated with a CDBG award. The workshop covers 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. IEDA also hosts several topic specific trainings for CDBG administrators through the year including training focused on environmental review and Davis Bacon.

### Iowa Green Streets Criteria

In order to be eligible for funding under the Community Facilities and Services fund, an applicant must meet specific aspects of the Iowa Green Streets criteria.

Guiding principles behind the Iowa Green Streets criteria ensure that buildings must be cost effective to build and durable and practical to maintain. In addition, the principles work together to help produce green buildings that:

- Result in high-quality, healthy living and working environments;
- Lower utility costs;
- Enhance connections to nature;
- Protect the environment by conserving energy, water, materials and other resources; and
- Advance the health of local and regional ecosystems.

The Green Development Plan and Checklist that is required to accompany a CDBG Community Facilities and Services Fund application is included below. The complete Iowa Green Streets Criteria can be found at: http://iowaeconomicdevelopment.com/community/green-criteria.aspx.

# Appendix A
# Green Development Plan and Checklist

**Green Development Plan**

Developer Name:
Project Name:
Address (Street/City/State):

| Description of Process |
| --- |
| A description of the process that was used to select the green building strategies, systems and materials that will be incorporated into the project. (500 word maximum) |
| |

| Project Team Members |
| --- |
| A listing of the team members who participated in the integrated design charrette. Please include name, affiliation/company, discipline. |
| |

| Goals |
| --- |
| Bullet points of the overall green development goals of the project and the expected intended outcomes from addressing those goals. |
| • <br>• <br>• <br>• <br>• <br>• |

# Appendix A
# Green Development Plan and Checklist

Must include a **Site Plan** indicating distance of utilities and sidewalk connections as appropriate. Must include Context Map indicating locations of minimally required community facilities and their distances from project boundaries.

**Mandatory** **Optional**

| Sub-Section | Item | Intended Method of Satisfying Green Criteria | Yes, No or N/A | Points | Champion (name and profession/role) |
|---|---|---|---|---|---|
| **Section 1: Integrated Design** | | | | | |
| 1-1 | Green Development Plan & Checklist (Mandatory) | | | | |
| 1-2 | Applicant/Recipient, Architect/Project Designer, and/or Contractor Certification (Mandatory) | | | | |
| 1-3 | Universal Design (Optional 5 points) | | | | |
| | | | **Section 1 Subtotal** | | |
| **Section 2: Site, Location and Neighborhood Fabric** | | | | | |
| 2-1a | Smart Site Location - Proximity to Existing Development (Mandatory except for rehab) (Context map must demonstrate that project satisfies this item) | | | | |
| 2-1b | Smart Site Location – Protecting Environmental Resources (Mandatory except for infill sites or rehab) (Site and Context map must demonstrate that project satisfies this item) | | | | |
| 2-1c | Smart Site Location - Proximity to Services (Mandatory except for infill sites or rehab) (Context map must demonstrate that project satisfies this item) | | | | |
| 2-2a | Compact Development (Optional 25 points) (Submit density calculation and documentation from local jurisdiction) | | | | |
| 2-2b | Compact Development (Optional 5 points) | | | | |

| Sub-Section | Item | Intended Method of Satisfying Green Criteria | Yes, No or N/A | Points | Champion (name and profession/role) |
|---|---|---|---|---|---|
| | (Site map and architect's density calculation must demonstrate that project satisfies this item) | | | | |
| 2-3 | Walkable Neighborhoods - Sidewalks and Pathways (Mandatory) (Site map must demonstrate that project satisfies this item) | | | | |
| 2-4 | Walkable Neighborhoods - Connections to Surrounding Neighborhood (Optional 5 points) (Site map must demonstrate that project satisfies this item) | | | | |
| 2-5a | Smart Site Location - Passive Solar Heating / Cooling (Optional 2 or 5 points) (Site map must demonstrate that project satisfies this item) | | | | |
| 2-5b | Smart Site Location – Grayfield, Brownfield or Adaptive Reuse Site (Optional 15 points) | | | | |
| 2-6 | Transportation Choices (Optional 6 or 12 points) (Context map must demonstrate that project satisfies this item) | | | | |
| | | **Section 2 Subtotal** | | | |
| **Section 3: Site Improvements** | | | | | |
| 3-1 | Environmental Remediation (Mandatory) | | | | |
| 3-2 | Erosion and Sedimentation Control (Mandatory) | | | | |
| 3-3 | Landscaping (Mandatory - if providing landscaping) | | | | |
| 3-4 | Surface Water Management (Mandatory) | | | | |
| 3-5 | Storm Drain Labels (Optional 2 points) | | | | |
| | | **Section 3 Subtotal** | | | |
| **Section 4: Water Conservation** | | | | | |
| 4-1 | Water Conserving Appliances and Fixtures - New Construction and Gut Rehab (Mandatory) | | | | |

| Sub-Section | Item | Intended Method of Satisfying Green Criteria | Yes, No or N/A | Points | Champion (name and profession/role) |
|---|---|---|---|---|---|
| 4-2 | No Irrigation (Mandatory existing systems grandfathered in) | | | | |
| | | | **Section 4 Subtotal** | 0 | |
| **Section 5: Energy Efficiency** | | | | | |
| 5-1a | Efficient Energy Use (Mandatory for new construction) | | | | |
| 5-1b | Efficient Energy Use (Mandatory for moderate and substantial rehab) | | | | |
| 5-2 | Energy Star Appliances (Mandatory if providing appliances) | | | | |
| 5-3a | Efficient Lighting - Interior (Mandatory) | | | | |
| 5-3b | Efficient Lighting - Exterior (Mandatory) | | | | |
| 5-4 | HVAC Sizing and Installation (Mandatory) | | | | |
| 5-5 | Electricity and Gas Meter, Individual (Optional 2 points) | | | | |
| 5-6 | Additional Reductions in Energy (Optional 1 point for each additional point awarded by the HERS or for each 1 percent change in energy efficiency) | | | | |
| 5-7a | Renewable Energy (Optional 5 points for first 10 percent, plus 5 points for each additional 10 percent increment, up to a maximum of 15 points) | | | | |
| 5-7b | Photovoltaic (PV) Ready (Optional 2 points) | | | | |
| | | | **Section 5 Subtotal** | | |
| **Section 6: Materials Beneficial to the Environment** | | | | | |
| 6-1a | Construction Waste Management (Mandatory) | | | | |
| 6-1b | Construction Waste Management: Additional Diversion (Optional 5 to 15 points) | | | | |
| 6-2 | Durable & Low Maintenance Exteriors | | | | |

| Sub-Section | Item | Intended Method of Satisfying Green Criteria | Yes, No or N/A | Points | Champion (name and profession/role) |
|---|---|---|---|---|---|
| | (Mandatory) | | | | |
| 6-3 | Recycled Content Material (Optional 2 points for the first 5 percent, plus 2 points for each additional 5 percent increment, not to exceed 14 points) | | | | |
| 6-4 | Certified, Salvaged and Engineered Wood (Optional 5 points) | | | | |
| 6-5a | Reducing Heat-Island Effect – Roofing (Optional 5 points) | | | | |
| 6-5b | Reducing Heat-Island Effect – Paving (Optional 5 points) | | | | |
| 6-5c | Reducing Heat-Island Effect –Plantings (Optional 5 points) | | | | |
| | | | **Section 6 Subtotal** | | |
| **Section 7: Healthy Living Environment** | | | | | |
| 7-1 | Low/No VOC Paints and Primers (Mandatory) | | | | |
| 7-2 | Low/No VOC Adhesives and Sealants (Mandatory) | | | | |
| 7-3 | Urea Formaldehyde-free Composite Wood (Mandatory) | | | | |
| 7-4 | Green Label Certified Floor Coverings (Mandatory - if providing carpeted floor coverings) | | | | |
| 7-5a | Exhaust Fans - Bathroom (Mandatory) | | | | |
| 7-5b | Exhaust Fans - Kitchen (Mandatory for new construction and substantial rehab) | | | | |
| 7-5c | Exhaust Fans - Kitchen: Moderate Rehab (Optional 5 points) | | | | |
| 7-6a | Ventilation (Mandatory for new construction and substantial rehab) | | | | |
| 7-6b | Ventilation: Moderate Rehab (Optional 10 points) | | | | |

| Sub-Section | Item | Intended Method of Satisfying Green Criteria | Yes, No or N/A | Points | Champion (name and profession/role) |
|---|---|---|---|---|---|
| 7-7 | Water Heaters - Mold Prevention (Mandatory) | | | | |
| 7-8 | Cold and Hot Water Pipe Insulation (Mandatory) | | | | |
| 7-9a | Materials in Wet Areas - Surfaces (Mandatory) | | | | |
| 7-9b | Materials in Wet Areas - Tub and Shower Enclosures (Mandatory) | | | | |
| 7-10a | Basements and Concrete Slabs - Vapor Barrier (Mandatory) | | | | |
| 7-10b | Basements and Concrete Slabs - Radon (Mandatory for new construction and gut rehab) | | | | |
| 7-11 | Water Drainage (Mandatory) | | | | |
| 7-12 | Garage Isolation (Mandatory) | | | | |
| 7-13 | Clothes Dryer Exhaust (Mandatory) | | | | |
| 7-14 | Integrated Pest Management (Mandatory) | | | | |
| 7-15 | Healthy Flooring Materials - Alternative Sources (Optional 15 points) | | | | |
| 7-16 | Smoke-free Building (Optional 2 points) | | | | |
| 7-17 | Combustion Equipment - Space and Water-Heating Equipment (Mandatory) | | | | |
| | | | | **Section 7 Subtotal** | |
| **Section 8: Operations and Maintenance** | | | | | |
| 8-1 | Building Maintenance Manual (Mandatory) | | | | |
| 8-2 | Occupant's Manual (Mandatory except for non-residential) | | | | |
| 8-3 | Homeowner and New Resident Orientation (Mandatory except for non-residential) | | | | |
| | | | | **Section 8 Subtotal** | |

| Sub-Section | Item | Intended Method of Satisfying Green Criteria | Yes, No or N/A | Points | Champion (name and profession/role) |
|---|---|---|---|---|---|
| | | | Grand Total | | |

I/we hereby acknowledge and certify to the Iowa Department of Economic Development that it is our responsibility to ensure that all relevant consultants, contractors, and/or subcontractors scheduled to provide services for or perform work on the above referenced development are aware that I/we have committed to incorporate all of the **MANDATORY** criteria of the Iowa Green Streets Criteria applicable to the above referenced development. Additionally, I/we assume responsibility for ensuring that all **MANDATORY** criteria are met.

| Project Architect/Project Designer | Applicant |
|---|---|
| Signature: | Signature: |
| Name: | Name: |
| Title: | Title: |
| Tel. No.: | Tel. No.: |
| E-mail: | E-mail: |
| Accreditation: | Accreditation: |
| Date: | Date: |

# Housing Trust Fund (HTF) Method of Distribution

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

Goals:

2) Number of HTF units constructed or rehabilitated in 2017: 11
3) Number of HTF units receiving operating subsidies: up to 11. Any operating subsidies will be awarded in accordance with HUD guidance

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

Application Requirements and Selection Criteria

The needs of extremely low-income renters, those with incomes below 30% of Average Median Income (AMI), are a high priority for IFA. To ensure the units will continue to serve the extremely low-income households, IFA's Compliance team requires the projects to recertify their tenants' income annually. Applications will be evaluated in accordance with need and scoring criteria that emphasizes other State priorities as outlined in the Annual Action Plan.

Applications will be awarded points in seven categories as follows: targeted populations, Great Places, low- to moderate-income households in target area, fully accessible units, utilization of project-based subsidy, Opportunity Areas, and capacity of the applicant to fulfill all the requirements.

Priority for Awarding Funding to Eligible Applicants

Geographic Diversity.

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

The "high" and "very high" opportunity areas were calculated as part of the State of Iowa's Analysis of Impediments to Fair Housing Choice. HUD adapted the Communities of Opportunity model to calculate opportunity index scores for each census block group on six separate dimensions. Each dimension analyzed for Iowa's Analysis of Impediments to Fair Housing Choice includes a collection of variables describing conditions for each census tract in the State.

• **Prosperity** includes rates of family poverty and the receipt of public assistance (cash welfare, such as Temporary Assistance to Needy Families) to capture the magnitude of a given neighborhood's rate of poverty.

• **Labor Market Engagement** measures the level of employment, labor force participation, and educational attainment in each neighborhood to describe its local human capital.

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

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

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

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

The objective of pinpointing Opportunity Areas is to identify places that are good locations for investment that may not have been selected based on other criteria. This identification allows for balanced investment across neighborhoods that offer opportunities and advantages for families.

Applicant Capacity.
Applicants must demonstrate the ability to perform the tasks associated with the requirements of the HTF and complete the assisted project in a timely manner. This capability will be evaluated during the competitive application review process. Capacity of the entire development team is evaluated, taking into consideration experience with similar projects, financial and staff capacity, and other factors relevant to the role of the entity.

Project-Based Rental Assistance.
Applications for projects receiving Project-Based Rental Assistance will receive a significant number of points in the scoring criteria to ensure the preservation of these valuable affordable units.

Duration of Affordability Period.
New construction, adaptive reuse, and rehabilitation rental projects will have an affordability period of 30 years.

Priority housing needs.
High housing costs reduce economic opportunities, limit access to jobs and services, and restrict the ability of lower-income households, including the elderly and persons with disabilities, to live in safe and healthy homes in the communities and neighborhoods of their choice. According to 2007-2011 CHAS data for Iowa, 224,370 households, 18% of the total households in the State, were in the low-income range of 51-80% HUD Area Median Family Income (HAMFI or AMI); 146,655 households, 12% of the total households in the State, were in the very low-income range of 31-50% AMI; and 135,840 households, 11% of the total households in the State, were extremely low-income at or below 30% AMI. HTF will be utilized to assist these extremely low-income households

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

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

applicable requirements throughout the 30-year HTF affordability period.

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

IFA anticipates completing 11 units of housing affordable to extremely low-income families.
IFA expects to allocate funding for operating cost assistance or operating cost assistance reserves in accordance with HUD guidance. IFA reserves the right to reallocate uncommitted operating funds to capital costs if qualified applications for operating funds are insufficient to award all operating funds.

Maximum Per-Unit Development Subsidy Limits.
The Maximum Per-Unit Development Subsidy Limits will be the currently effective HOME Maximum Per-Unit Subsidy Limits for Iowa published annually by HUD utilizing the Section 234 Condominium Housing (Elevator) basis.

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

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

The housing stock in Iowa is relatively older than the rest of the country; approximately 70% of the housing units were built before 1980, presenting a risk for lead-based paint hazards. Of the units built before 1980, we estimate that approximately 40% of those units are occupied by low- or moderate-income households and approximately 45% of those units at risk for lead-based paint hazards have children present within them. Therefore, to address lead-based paint hazards, Iowa will follow and monitor projects to ensure compliance with the HUD lead-based paint regulations implementing Title X of the Housing and Community Development Act of 1992, which covered CDBG, HOME, ESG and HOPWA. Additionally, Iowa passed legislation in 2009 to certify renovators who work in housing and child-occupied facilities. It also passed legislation to require all children entering kindergarten to be tested for lead poisoning. Through these Federal and State regulations, Iowa ensures that all projects receive the appropriate activity or activities to remediate any lead-based paint hazards.

# ESG Method of Distribution

Eligible ESG activities are those permitted by HUD regulations, as authorized by the McKinney-Vento Homeless Assistance Act of 1987, amended by S.896, The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009, and as further defined in 24 CFR Parts 91 and 576. The parameters of the ESG program offered through IFA in 2017 will be shaped by the federal implementation of the new ESG regulations. ESG funds from federal fiscal year 2016 will be used to support the program during the 2017 calendar year.

Under the current regulations, assisted activities include:

- Street Outreach. Funds in this category may be used to provide essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, nonfacility-based care.
- Emergency Shelter. Funds in this category may be used for costs of providing essential services to homeless families and individuals in emergency shelters, as well as costs of operating emergency shelters. Eligible essential services include the following: case management, child care, education services, employment assistance, job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment, transportation, and services for special populations. Eligible operating costs are maintenance, rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the shelter.
- Homelessness Prevention Assistance. Assistance in this category can be provided to individuals or families that meet the definition of homelessness as defined at 24 CFR Part 576. Eligible activities include short or medium-term rental assistance or rental arrears, other financial assistance such as rental application fees, security deposits, last month's rent, utility deposits, utility payments, moving costs, and service costs such as case management, legal services, and credit repair.
- Rapid Rehousing Assistance. Assistance in this category can be provided to individuals or families that qualify as homeless as defined at 24 CFR Part 91. As in the Homelessness Prevention category, eligible activities include short or medium-term rental assistance or rental arrears, other financial assistance such as rental application fees, security deposits, last month's rent, utility deposits, utility payments, moving costs, and service costs such as case management, legal services, and credit repair.
- Data Collection/Reporting. A portion of the grant may be used to pay the costs of contributing data to Iowa's designated Homeless Management Information System (HMIS), ServicePoint. If the subrecipient is a victim services provider or legal services provider, it may use ESG funds to operate a comparable database that collects longitudinal data and generates unduplicated aggregate reports based on the data.
- Administration. For the 2017 calendar year, a portion of Administration funds will be shared with subgrantees.

ESG funds are available to units of general purpose local government (excluding public housing authorities) and private nonprofit organizations in Iowa. Funds are distributed through an annual competition. The competition for the 2017 calendar year took place during the summer of 2016. Thirty-five eligible agencies applied. An online application system was used. IFA assembled a team of eight reviewers to score and rank applications. This team made funding recommendations which then went to the IFA board of directors for final funding approval. Thirty-two agencies were approved for funding. Agencies not selected for funding through ESG were eligible to apply for the state Shelter Assistance

Fund; this competition opened just after the ESG awards were announced. For the calendar year 2018 award period, some changes will be proposed for public discussion and comment; these may include but are not limited to: combining the application for ESG and SAF funds; moving to a two-year award cycle, basing competitions more on objective performance outcomes, modifying the structure so that agencies serving more individuals and families are eligible to apply for higher amounts, and focusing funding more on rapid rehousing and emergency shelter.

# Program Specific Requirements for ESG:

*This section of the Action Plan discusses several key elements of the ESG program, including the implementation of written standards, a description of the Continuum of Care (CoC), the process for making subawards, the homeless participation requirement, performance standards, and consultation with the CoC.*

**Written Standards**

The Iowa Finance Authority adheres to the Federal ESG regulations in its requirement of each subgrantee to establish and consistently apply written standards for providing ESG assistance within that subgrantee's program.

One way IFA is ensuring that subgrantees are following written standards for providing assistance is the through the on-site monitoring program. A portion of ESG grantees receive on-site monitoring visits each year, based on a risk analysis and history of monitoring results. In general, approximately one-third of subgrantees receive on-site visits each year. One of the areas monitored is each agency's establishment and implementation of written standards. IFA has provided guidance to several agencies to improve their implementation of such standards. The required minimum for written standards includes the following: Evaluating individuals' and families' eligibility for assistance under ESG;

- Targeting and providing essential services related to street outreach;
- Admission, diversion, referral and discharge by emergency shelters;
- Assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- Coordination among service providers;
- Determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which will receive rapid rehousing assistance;
- Determining the amount of rent and utilities costs each participant must pay;
- Determining the length of time of assistance; and
- Determining the type, amount, and duration of housing stabilization and/or relocation services.

IFA is considering whether and how best to adopt uniform written standards in the future for all subgrantees. To further knowledge and development in this area, IFA (in conjunction with the Iowa Council on Homelessness) funded the State Public Policy Group via contract to focus on the development of recommended common standards across three main areas: operating standards, service standards, and performance standards, for various types of homeless assistance service programs. These common standards would also apply to both recipients of ESG and CoC funds. As of October 1, 2015, the "Iowa Quality Standards: Supporting a Statewide System of Homelessness Services" may be found on the Iowa Finance Authority website.

**Description of the Continuum of Care (CoC)**

The Iowa Council on Homelessness serves as the HUD-designated primary decision-making group and

oversight board of the Iowa Balance of State Continuum of Care. The Council is made up of 38 members, 12 of which are state agency representatives and 26 of which are appointed by the Governor to represent the general public for two year renewable terms. Five of these general public members must be consumer representatives—those who have experienced homelessness themselves or are a family member of an individual who has experienced homelessness.

As the oversight board of the CoC, the Iowa Council and its members:

1. Ensure that the CoC is meeting all of the responsibilities assigned to it by HUD regulations;
2. Represent the relevant organizations and projects serving homeless subpopulations;
3. Support persons experiencing homelessness in their movement from homelessness to economic stability and affordable permanent housing within a supportive community;
4. Ensure that the CoC is inclusive of all needs of the Iowa Balance of State's homeless population, including the special services and housing needs of homeless subpopulations;
5. Facilitate responses to issues and concerns that affect the agencies funded by the CoC that are beyond those addressed in the annual CoC application process.

The Iowa Finance Authority provides staff support to the Council to fulfill these duties.

The Iowa Council on Homelessness also works closely with the lead agency for the Homeless Management Information System (HMIS) in the state, the Iowa Institute for Community Alliances (the Institute). Data from this system helps contribute to a statewide understanding of the homeless population in Iowa. Various federally-required and state-specific reports address the causes of homelessness in Iowa, types and amounts of available assistance, number of vacant housing units, location of service providers, and more. The Institute also coordinates the annual Point in Time (PIT) Count and the Annual Homeless Assessment Report (AHAR).

One of the ongoing priorities of the Council is the development of a Coordinated Entry system for the Balance of State CoC. The Balance of State CoC has a geographic area of 96 counties, both rural and urban. The CoC began a Coordinated Entry pilot site in 2013 in Cedar Rapids, representing 9% of the CoC population. The pilot site is based on a centralized access point, utilizes HMIS and the VI-SPDAT assessment tool, and has started a datasharing network using a modified closed-with-exceptions HMIS. Based on lessons learned from the pilot, the CoC adopted the VI-SPDAT as a CoC-wide common assessment tool in July 2015, and approved a CoC-wide closed-withexceptions HMIS system in May 2016. Other communities throughout the CoC have also developed processes for Coordinated Entry that are mirrored off the experience in Cedar Rapids. The 2015 CoC Planning Project (waiting on HUD contract as of October 2016) will assist regions in strengthening the Coordinated Entry process at the local level, while following basic common protocols and procedures throughout the CoC; if approved, the 2016 CoC Planning Project and the 2016 new Coordinated Entry SSO project will also further Coordinated Entry throughout the CoC.

**Process for Making Subawards**

IFA held a competition in the summer of 2016 for ESG funds for the 2017 calendar year. The format was similar to the past several years, using an in-house online application system. Applications were received from 37 eligible agencies. IFA assembled a team of application reviewers to score and rank applications, and then met with all reviewers at the end to discuss comments and funding recommendations. These recommendations then went to the IFA Board of Directors for the final funding decision.

ESG applications are evaluated on a competitive basis, with current criteria as follows: project design, experience and capacity, community partnerships, performance, budget and grants management. IFA evaluates the needs and competition structure each year to ensure the dollars are following the need.

**Homeless Participation Requirement**

The Iowa Finance Authority has consulted with the Iowa Council on Homelessness on its plans for the ESG program. The Council has five seats reserved for homeless individuals, formerly homeless individuals, or family members of homeless individuals. In this way, IFA seeks to engage and solicit input from consumers in making policies and decisions regarding ESG. In addition, IFA requires its ESG subgrantees to involve homeless or formerly homeless individuals, to the extent possible, in the operations and service provision of each program.

**Performance Standards**

IFA currently assesses applications for ESG funds from agencies according to the following performance outcome measures:

- Destination at program exit (reducing the number of people living on the streets or in shelters);
- Changes in participant income (reducing housing barriers or housing instability risks);
- Changes in participant employment (reducing housing barriers or housing stability risks);
- Changes in access to non-cash mainstream resources (reducing housing barriers or housing stability risks);
- Data quality; and
- Data timeliness.

With recent additional guidance from HUD on how to apply system performance measures to individual program performance, IFA seeks to place greater emphasis during future ESG competitions on performance. IFA will be working with the HMIS lead agency, the Iowa Council on Homelessness, and ESG subrecipients and stakeholders on how best to implement these changes.

**Consultation with the CoC**

Prior to the opening of the competition for 2017 ESG funds, IFA issued a Notice of Proposed 2017 ESG Application Materials and Priorities. This notice specifically requested stakeholder comments and input during a specified comment period. The notice was distributed by email, posting online, and discussed at a meeting of the Iowa Council on Homelessness, the decision-making body for the Iowa Balance of State CoC.

The notice specifically highlighted new elements of the application, changes from the previous year, and the new proposed competition priorities. It included plans on how to allocate ESG funds for the coming program year as well as plans for evaluating performance.

Comments were received from six individual stakeholders. All comments were compiled into one document along with IFA's responses to each comment, and this document was posted online for public viewing along with other ESG application materials.

Consultation regarding the development of funding, policies, and procedures for the administration and operation of the HMIS system is ongoing, and takes place through discussions with the Iowa Council on Homelessness. Two committees are particularly involved, the Research and Analysis Committee and the Continuum of Care Committee. IFA provides staff support to the Council, including participating in all committee meetings. A recent major initiative of the HMIS system was moving from a closed system to a closed-with-exceptions system, which was completed in the summer of 2016 and provides a framework to expand capability for a coordinated assessment system linked with the HMIS.

# HOPWA Method of Distribution: AP-70

Eligible HOPWA activities are those permitted by HUD regulations, authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901) as amended, and further defined in 24 CFR Part 574. The HOPWA Program was established by HUD to address the specific needs of low-income persons living with HIV/AIDS and their families. IFA will assist the following activities through the HOPWA program:

- Housing information services including, but not limited to, counseling, information, and referral services to assist an eligible person to locate, acquire, finance and maintain housing. This category also includes costs related to use of the HMIS system in the delivery of HOPWA assistance, as described by recent HUD guidance (FAQ, updated 7/20/2011). This may also include fair housing counseling for eligible persons who may encounter discrimination on the basis of race, color, religion, sex, age, national origin, familial status, or handicap.
- Resource identification to establish, coordinate and develop housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).
- Permanent Housing Placement to help eligible persons locate and move in to appropriate housing.
- Tenant-based rental assistance, including assistance for shared housing arrangements.
- Short-term rent, mortgage, and utility payments to prevent the homelessness of the tenant or mortgagor of a dwelling.
- Supportive services including, but not limited to, health, mental health, assessment, permanent housing placement, drug and alcohol abuse treatment and counseling, day care, personal assistance, nutritional services, intensive care when required, and assistance in gaining access to local, State, and Federal government benefits and services, except that health services may only be provided to individuals with acquired immunodeficiency syndrome or related diseases and not to family members of these individuals.
- Administrative expenses for project sponsors receiving amounts from grants made under this program may use not more than 7 percent of the amounts received for administrative costs.

IFA has partnered with five HOPWA sponsors covering the entire state. These sponsors must use HOPWA funds to assist eligible participants that meet both of the following categories:

- Low-Income – Individuals and families whose income does not exceed 80 percent of the median income for a county or metropolitan statistical area, as determined by HUD, adjusted for household size. The restriction of income level is not applicable if individuals or households are receiving supportive services information only.
- Living with HIV/AIDS – At least one individual in the household must have AIDS or HIV infection. Households may include those who are connected by law, blood or are of special significance to the individual with HIV/AIDS.

# Geographic Distribution/Allocation Priorities: AP-50

*This section of the Annual Action Plan discusses the geographic areas to which the State will direct assistance during the program year.*

The State's CDBG, HOME, HTF, ESG and HOPWA programs are competitive and demand-driven. Consequently, local interest and initiative in developing and carrying out programs and projects generally controls the geographic distribution of the State's investments in housing and community development assistance. Therefore, the State does not develop allocation priorities on a geographic basis, nor does the state dedicate specific percentages or amounts of funding to particular targeted areas.

In an effort to distribute awards statewide, the State conducts outreach activities, including regional workshops on programs and contacts with regional groups, such as councils of governments and Community Action Agencies. IFA works with a number of housing organizations including Local Housing Trust Funds and CHDOs to insure that there is capacity to distribute funds equitability across the state. The review criteria for the CDBG, HOME, ESG and HOPWA programs (addressed in the previous section of this Plan) include need, particularly as it relates to the number of low- and moderate-income persons in an area.

Census data and other demographic information show that the State's minority populations tend to be concentrated in metropolitan areas. The State's CDBG funds cannot be used in entitlement cities, but the State can and will direct CDBG funds to urban counties. The State's HOME, ESG and HOPWA funds, which can be used in entitlement cities, will also be available to benefit geographic areas of minority concentration.

Historically, the State's investment of HOME, CDBG, and ESG funds has been distributed equitably across the state.

# Homeless & Special Needs Activities: AP-65

*This section of the Annual Action Plan discusses one-year goals and action steps as well as activities addressing housing and supportive service needs of persons with special needs.*

## One-Year Goals and Action Steps

### Outreach

Outreach to unsheltered persons is supported mainly through the Emergency Solutions Grant (ESG) Program. Nonprofit service agencies submit applications detailing what kinds of outreach services will be provided, which are reviewed and scored by a team of application reviewers assembled by IFA. The Iowa Council on Homelessness, which is also the decision-making body for the Iowa Balance of State Continuum of Care, also has some involvement in addressing outreach to unsheltered persons.

### Emergency Shelter and Transitional Housing Needs

The emergency shelter needs of homeless persons are supported through the ESG and the State Shelter Assistance Fund (SAF) programs. The transitional housing needs of homeless persons are supported through the Continuum of Care (CoC) program and to a lesser extent through the ESG and SAF programs (for agencies that received ESG assistance in FFY 2010 as a transitional shelter and qualify under the hold harmless provision of the ESG Interim Rule). Goals include the following:

- Expand training on and use of the VI-SPDAT standardized assessment tool, to assist in helping homeless persons to more quickly access services that are most appropriate for their situation and most likely to lead to housing stability;
- Further the use of common standards among different agencies, including operating, services, and performance;
- Implement regular system-wide reporting of and analysis ofperformance outcomes by agencies; and
- Increase the HMIS bed coverage of emergency shelters.

### Transition to Permanent Housing and Independent Living

Rapid Rehousing through the ESG and CoC programs is an increasing priority. Since the end of the Homelessness Prevention and Rapid Rehousing (HPRP) program in 2012, many regions do not have Rapid Rehousing available. In some regions that do have Rapid Rehousing programs, their availability is limited to only survivors of domestic violence or other subpopulations. It is a joint priority of the ESG and CoC programs to expand Rapid Rehousing on a regional basis so that more coverage is available geographically, to assist the highest-need households that are likely to benefit most from the assistance. Agencies have improved their expertise and practices in developing landlord partnerships and in effective housing search and placement, which are important to the success of Rapid Rehousing.

Rapid rehousing is also increasingly being supported by some other related programs such as the Supportive Services for Veterans Families (SSVF) grant, and some Federal and State grants for programs specific for individuals and families fleeing domestic violence.

Agencies that provide emergency and transitional shelter are also working to reduce the length of time that individuals experience homelessness. There are some challenges in accurate assessment

of progress in this area. Individuals that quickly cycle through shelters (staying for only a night or two, particularly if the shelter is overcrowded and a bed is not available) can drive down the numbers for average length of stay, without being an actual measure of positive progress. Communities continue to work through these challenges, with data collection and assessment efforts particularly supported by the HMIS lead agency, the Institute for Community Alliances.

**Prevention Among Individuals and Families**
Homelessness prevention continues to be a high priority for activities funded through ESG, and is increasingly so since the close of the Homelessness Prevention and Rapid Rehousing Program and the revision of ESG regulations to focus more on these newer activities. ESG funds are used to support a variety of homelessness prevention activities, including rental and utility deposits, mortgage payments, legal and advocacy services and counseling. The program is demand-responsive and addresses locally identified priorities.

**Prevention Among Individuals and Families**
Homelessness Prevention continues to allowable through ESG, although a lower priority than Rapid Rehousing, in accordance with federal guidance regarding prioritizing assistance to households that are most in need. ESG funds are used to support a variety of homelessness prevention activities, including rental and utility deposits, mortgage payments, legal and advocacy services and counseling.

**Prevention Among Individuals Being Discharged from Publicly-funded Institutions**
The Iowa Council on Homelessness is aware of the need for additional efforts regarding state and local discharge policies and procedures. A current federally-funded State Recidivism Reduction initiative, of the Iowa Department of Corrections, includes a focus on discharge policies from corrections facilities. Other efforts are being made at local levels regarding discharge from county jails and local health care facilities. More work is needed. A summary of current policies and procedures is below.

*For individuals at discharge from a correctional institution*: The Iowa Department of Corrections (DOC) has a Discharge Planning Coordinator position that works with all state correction facilities. The DOC has developed and implemented a comprehensive re-entry case management system that has several elements that are intended to result in reducing the amount of time that offenders spend in prison beds while improving offender outcomes when they are released. Some of the elements include beginning to plan for release when offenders are admitted at the Iowa Medical and Classification Center (IMCC); completing a battery of assessments during reception to identify risk and needs that will be used at the next institution to develop a case management plan; identifying a targeted release date that will be used to prioritize treatment programming that addresses risk and needs; contacting Community-Based Corrections (CBC) when an offender is within six months of that targeted release date to begin engaging CBC staff in a dialogue to plan for the offenders release; another contact with CBC when the offender is within two months of the targeted release to create a solid release plan so that when the offender is granted release by the Board of Parole the offender is prepared for release. CBC is prepared to assume supervision when the release decision is made. The case management plan focuses on housing as well as treatment issues. The goal is to have appropriate housing arranged prior to release so that the likelihood of homelessness is reduced.

*For youth exiting foster care*: Iowa law mandates that the case permanency plan for all children in foster care include a written transition plan for youth aged 16 years and older. In 2005, the Iowa Council on Homelessness developed their Discharge Planning Guiding Principles. The principles were used by the Iowa Department of Human Services when addressing the needs of youth

exiting foster care, including appropriate housing placement. In 2009, Iowa law extended foster care until the age of 21, during which time youth must participate in an education program or work full-time. The law also allows for continued Medicaid coverage until age 21. Additionally, the Partnership of Iowa Foster Care Youth Councils, also known as AMP (Achieving Maximum Potential), offers youth leadership opportunities, service learning, life skills, and educational/vocational assistance; over ten laws related to the foster care system have been changed in recent years with AMP's input.

*For individuals exiting hospital care:* Iowa's Administrative Code, 481, Chapter 58, Section 12 for the Department of Inspections and Appeals provides regulation for discharge from nursing facilities that includes: discharge planning initiated at entrance, proper notification of next of kin upon discharge, proper arrangements made for welfare of resident/patient in the event of emergency or inability to reach next of kin, provision of client records to any receiving institution, and prior to the transfer or discharge of a resident to another health care facility, arrangements to provide for continuity of care with the receiving facility.

*For individuals exiting mental health institutions:* All Iowa Mental Health Institutions (MHIs) in the State of Iowa are licensed hospitals, and two of the four are also accredited by the Joint Commission on the Accreditation of Health Care Organizations. The Iowa Department of Human Services has developed detailed discharge policies for MHIs. Discharge planning begins at admission and is part of an individual's ongoing individual treatment plan. Living arrangements are included, as are other supportive services required such as transportation, nutrition, medical care, social supports, and education; funding arrangements for each are also identified. The Iowa Council on Homelessness seeks to participate in continuing discharge policy planning with Council board members representing the Iowa Departments on Aging, Human Services, Public Health, and the Iowa VA; these members also have served as members of the Olmstead Consumer Task Force and Iowa Mental Health Planning Council.

## Activities Addressing Housing and Supportive Service Needs of Persons with Special Needs

Programs designed to serve non-homeless persons with special needs (i.e., the frail elderly and persons with disabilities, mental illness and drug/alcohol addiction, persons living with HIV/AIDS and their families) are incorporated into the State's major housing initiatives (CDBG, HOME, ESG, HOPWA and IFA programs). Funding is based on local determination of need for the funds and application for project funding through established mechanisms. The State will continue its educational and outreach efforts to services providers by including special needs populations and the providers who serve them in workshops and focus groups. The availability of HOME funds is critical for the State and local governments to be able to develop affordable housing for low-income Iowans, including those with special needs. The State works with a wide range of organizations, including for-profit developers and CHDOs to promote the creation of affordable, permanent units in partnership with local, state and federal resources. Technical assistance on an individual basis and group training opportunities are also offered to potential program users.

In addition, the 2017 Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit (LIHTC) program requires that all approved LIHTC project must make a minimum of 10 percent of the units accessible and also must target 10 percent of the total project units to persons with disabilities. The QAP also includes a Housing for the Homeless Set-Aside which sets aside $800,000 in LIHTC for a project that specifically designates the greater of at least 10 percent of the units or four units for persons experiencing homelessness.

# Removing barriers to Affordable Housing and Other Actions: AP-75

*This section of the Annual Action Plan discusses actions the State will undertake to address the following: meeting underserved needs, maintaining affordable housing, removing barriers to affordable housing, reducing lead-based paint hazards, reducing poverty, developing institutional structures, enhancing interagency coordination and cooperation and fostering public housing resident initiatives.*

## Meeting Underserved Needs

IFA and IEDA are committed to an ongoing analysis and improvement of the State's performance in satisfying priority housing and community development needs. The State will respond to underserved needs as they are identified, either through self-evaluation or citizen participation.

Created by Executive Order in 2003 to advise the Governor on strategies to promote community integration, Iowa's Olmstead Consumer Taskforce is made up of people with disabilities, family members, advocates, representatives of state agencies, and other stakeholders that are tasked with identifying barriers to community living opportunities in state rules, policies and procedures. The Taskforce is working to promote implementation of the U.S. Supreme Court's 1999 Olmstead decision in public policies and programs at the state and local level and to raise awareness of what this means for Iowans with disabilities and mental illness. IFA is actively engaged with the Olmstead Consumer Taskforce, recognizing that the provision of affordable, accessible housing is a major component of this effort.

IFA also partners with Iowa's Money Follows the Person initiative, which provides opportunities for individuals in Iowa to move out of Intermediate Care Facilities for Intellectual Disability (ICF/ID) and into their own homes in the community of their choice. As of September 2013, 247 consumers have transitioned out of the ICF/ID and into qualified community-based housing.

The Iowa Department of Human Services – Mental Health and Disability Services Division has developed the framework for a five-year plan to transform Iowa's mental health and disability service system. The plan, titled "A Life in the Community for Everyone – The Department of Human Services Olmstead Plan for Mental Health and Disability Services: 2011 – 2015," presents goals, objectives, and strategic priorities in pursuit of a mission to build a consumer- and family-driven system that expands people's choices about the supports and services they need, where they are provided, and by whom. In other words, a system that operates the way the U.S. Supreme Court says it should in its landmark Olmstead decision, where people with disabilities, of any age, receive supports in the most integrated setting consistent with their needs. The availability of affordable, accessible housing will play a key role in Iowa's ability to achieve the plan's vision of "A Life in the Community for Everyone." IFA and IEDA are committed to partnering with the Olmstead Consumer Task Force and the Iowa Department of Human Services to meet the plan's strategic priorities, helping to ensure that Iowans have choices in where they live and work.

## Maintaining Affordable Housing

The State will monitor HTF, HOME and CDBG-funded affordable housing activities and projects for the required period of affordability, as applicable. This monitoring will ensure housing units built or rehabilitated with HOME and CDBG dollars remain available, affordable, decent, safe and sanitary, and lead-safe.

IFA's efforts in building CHDO capacity will also help foster affordable housing efforts. CHDOs are established for the singular purpose of community housing development; they have an inherent commitment to maintaining affordable housing.

## Removing Barriers to Affordable Housing

Barriers to affordable housing common in more urban areas are not prevalent in Iowa. The State is fortunate that growth controls, excessive subdivision regulation, inordinate developer fees and rent control are not critical housing issues. Rather, the slow development pace in most Iowa communities has resulted in the opposite circumstances: assistance and financial incentives for housing developers.

The State has adopted a new State Building Code and a State Historic Building Code. The adoption of the State Building Code has been approved by the Building Code Advisory Council, while the adoption of the State Historic Building Code has been approved by the State Historical Society Board. Both codes became effective on January 1, 2010. The public can access the building code at the Commissioner's website: http://www.dps.state.ia.us/fm/building/provisions/index.shtml. Local governments may adopt and enforce more stringent building and/or housing codes. All communities with populations of 15,000 or greater are required by state law to adopt and enforce a housing code. In the absence of locally adopted and enforced building or housing codes at the local level, the requirements of the State Building Code apply (single-family new construction and multi-family housing).

For single-family activities involving rehabilitation, communities are subject to locally or adopted codes. In the absence of locally adopted and enforced codes applicable to single-family rehabilitation activities, the requirements of Iowa's Minimum Housing Rehabilitation Standards apply to all HOME and CDBG-funded activities.

Providers of housing and related services in Iowa have suggested programs that benefit low-income persons are unwelcome in some communities. Specifically, there is some bias against rental housing and preference for owner-occupied housing. Communities have made great strides in neighborhood revitalization, but this has not ensured the preservation of affordable housing units. Other providers assert many Iowans simply prefer not to receive assistance, even if they are unable to afford safe and adequate housing. Similarly, individuals and communities often are unaware of the assistance for which they are eligible. The State will work closely with communities, councils of governments, agencies and others to educate Iowans about affordable housing programs and attempt to change negative perceptions of affordable housing.

To help diversify housing in different areas in Iowa, the 2016 QAP for LIHTC includes additional points for projects that are located in "high" and "very high" opportunity areas. These areas were calculated as part of the State of Iowa's Analysis of Impediments to Fair Housing Choice. IFA and IEDA are required to conduct such an analysis because both agencies administer HUD funding. One of the components of the Analysis is to identify Opportunity Areas.

HUD adapted the Communities of Opportunity model to calculate opportunity index scores for each census block group on six separate dimensions. Each dimension analyzed for Iowa's Analysis of Impediments to Fair Housing Choice includes a collection of variables describing conditions for each census tract in the State. The 2016 QAP also eliminated the cost of land in the calculation for the unit cost cap. This action makes it easier for projects to explore opportunities in high land cost areas such as Iowa City of West Des Moines. This action opens the door for affordable housing projects in more affluent geographic areas.

Clearly, the greatest barrier to affordable housing is the lack of resources available. The State will maximize limited resources by working with lenders, landlords and realtors; requiring beneficiaries to help themselves to the extent possible; and lending, rather than granting, HOME awards, when feasible. Specifically, extremely low-income households find it extremely difficult to access affordable and safe housing. The households most severely impacted, as shown through the growing number of homeless families with children, are single parent households with between 1 and 4 children that were doubling up with family or friends prior to experiencing homelessness. Further, persons with disabilities have trouble identifying accessible units that they can afford.

## Reducing Lead-Based Paint Hazards

Poisoning from lead-based paint hazards is one of the greatest environmental health threats in the state. Lead-based paint and lead dust, can cause severe and often irreversible health problems, especially among young children.

Childhood lead poisoning has significant effects on the health of children and on community health. Lead has adverse effects on nearly all organ systems in the body. It is especially harmful to the developing brains and nervous systems of children under the age of six years. Statewide, the prevalence of lead poisoning among children under the age of six years is seven percent. This is more than four times the national average of 1.6 percent. In a community, the presence of lead-poisoned children can be associated with an increase in the number of children with developmental deficits and learning disorders. This places an unnecessary and expensive burden on the educational system. The presence of lead-poisoned children also requires substantial community public health resources for medical and environmental case management services.

Most of Iowa's pre-1950 homes contain lead-based paint. Young children who live in pre-1950 homes become lead-poisoned when they put paint chips or exterior soil in their mouths or when they get house dust and soil on their hands and put their hands in their mouths. In addition, adults who remodel or repaint these homes may be lead-poisoned if they disturb the lead-based paint.

Although lead poisoning can cause serious health problems--including death--most lead-poisoned children demonstrate no visible symptoms. This makes it much more important to have an effective program to prevent childhood lead poisoning.

Because the State's low-income populations tend to occupy a greater percentage of the older housing stock, generally they are at a greater risk for lead poisoning.

The State is committed to reducing lead-based paint hazards. To that end, the Iowa Department of Public Health (IDPH) administers a lead poisoning prevention program, including the 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 health and housing programs providing childhood lead poisoning prevention services. In 2007, legislation was passed requiring all children to show proof of a blood lead test when entering school. Of Iowa children born in 2004, 97 percent of them were tested at least once before the age of six years. The former Childhood Lead Poisoning Prevention Program is being expanded to the Healthy Homes and Lead Poisoning Prevention Program. In the next year, IDPH will work with strategic partners to develop a plan for the best way to assure healthy housing for all Iowans.

IEDA and IFA are committed to ensuring compliance with the HUD regulations for lead-safe housing and with the new IDPH regulations regarding all contractors to be certified as lead-safe renovators. IEDA is working in partnership with IDPH to provide for the necessary framework of trained and certified lead professionals and contractors to work on "target" housing where the CDBG and HOME funds are used as well as work done in all housing in Iowa.

IEDA and IFA will continue their efforts to educate recipients on the dangers of lead-based paint and lead-based paint hazards and will continue to strive toward lead-safe housing where these sources of funds are used.

## Reducing Poverty

The lack of affordable housing is one result of income inequality among Iowans. Poverty status is a direct measure of income inequality. Persons living at or below poverty income levels typically are the least able to pay for housing.

The State has attempted to attack poverty through a variety of different methodologies, and through several different state agencies. The following summarizes a few of those efforts:

Asset Development: To escape or avoid poverty, individuals need to accumulate certain key assets. Iowa Code Chapter 541A establishes Individual Development Accounts (IDAs) which encourage savings for long-term goals, such as college education, work-related training, business development or home mortgages. Interest on these accounts would be sheltered from taxes and State savings refunds for deposits would be available on an income-based sliding scale. IDAs are available to all Iowans whose household income does not exceed 200 percent of the federal poverty level. Provisions also have been made for matching contributions from public and private sources.

Workforce Development: A network of Workforce Development Centers across the State delivers comprehensive employment and job training services. State and federal programs and providers are co-located in these centers to provide client intake, assessment, employability development planning, and placement and referral services. Other strategies include providing employment and training to FIP recipients, initiating "school-to-work" programs to link students to the workplace and mentoring programs to link entry-level and experienced workers.

Economic Development: Economic development promotes high quality/high paying jobs in the State, which capitalize on direct human investments. IEDA is assigned four tasks in the effort:

- Promoting opportunities and enhancing economic development incentives for industries which pursue value-added, high wage, "upskilling" strategies;
- Targeting economic development resources to emerging industries;
- Expanding industry networks to achieve economic competitiveness among businesses;
- Creating regional resource centers for small manufacturers to fund modernization programs.

Services to Empower Families: Families in poverty face barriers to self-sufficiency that includes economic, social, cultural and political isolation. These barriers must be addressed before and during participation in work force development or employment activities. The following service delivery approaches are part of the current state effort to reduce the number of families in poverty:

- Focusing on the family unit rather than the individual;
- Orienting services linking families with the community; and
- Combining sources of funding for all programs so needs can be met at a single point of contact.

IEDA will set aside twenty (20) percent of its CDBG funds for the purposes of job creation, retention and enhancement. Uses of these funds include the Economic Development Set-aside, the Public Facilities Set-aside and Career Link. These are discussed in greater detail in the discussion on the CDBG method of distribution.

## Developing Institutional Structure

A sound institutional structure is vital to continuing the State's housing and community development efforts. The institutional structure for the HTF, HOME, CDBG, ESG and HOPWA programs is composed of IEDA, IFA, other state and federal agencies, private industry, nonprofit organizations and local governments. IEDA & IFA are committed to improving institutional structure, whether by flattening the structure to directly serve beneficiaries or by including entities with expertise in relevant areas (e.g., CHDOs).

The organizations discussed above work together on a variety of housing and community development projects. There is a sincere interest and commitment among them to assist Iowa's low- and moderate-income population. Each benefits from the expertise and ideas of the others. IEDA and IFA will continually assess gaps in the institutional structure and develop strategies to bridge them.

## Enhancing Interagency Coordination

IEDA cooperates with other agencies in reviewing CDBG applications for non-housing activities. IEDA staff members discuss applications with appropriate state and federal agencies, including the Department of Natural Resources, USDA – Rural Development, and IFA. An infrastructure team (with representatives from IEDA, IFA, the Iowa Watershed Improvement Review Board, the DNR water/sewer sections and USDA Rural Development/Rural Utility Service) meet every other month to discuss current and pending projects, coordination of funding cycles and compliance with federal regulations.

IFA works with other agencies when considering how best to target scarce housing resources. IFA works with HUD, USDA-RD, the Federal Home Loan Bank, the Olmstead Task Force, Department of Human Services, IEDA, and the Governor's Office to identify the greatest housing needs. IFA is respected in the state for identifying unmet needs in times of crisis, such as the federally declared disasters of 2008 and 2010, and quickly and efficiently implementing solutions.

This collaborative approach is also applied to ESG application review and evaluation. IFA works with other state and federal entities, including FEMA, to develop activities to assist the homeless, prevent homelessness and serve persons with special needs.

IEDA was assigned as the administrative agency responsible for distributing the HUD response to the 2008 disasters. The state received over $800,000,000 to assist presidentially disaster affected counties with recovery including housing and business buyouts, business assistance, and housing rehabilitation and development. IEDA has worked with IFA, FEMA, SBA, federal EDA, and others during this process.

# Public Housing

The State does not operate public housing units, and has not typically provided any financial assistance to public housing agencies. This is not likely to change in 2016. However, the State does work with local public housing agencies to the extent possible and is interested in efforts to increase residents' involvement in public housing management and provide them with expanded homeownership opportunities.

# 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. IEDA's monitoring policy establishes that every CDBG grant recipient is monitored on-site at least once prior to grant closeout.

**CDBG 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. These are reviewed on an on-going basis for recipient compliance.

**CDBG On-Site Monitoring**
As a general rule, onsite monitoring visits are 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 well 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.

**CDBG 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 are 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 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 project manager will provide advice for corrective action. Grant recipients are then aware of information that will be provided in IEDA's final monitoring report. During the on-site review, the project manager will also visually inspect the project.

**CDBG Monitoring Follow-Up**
A monitoring report will be provided following every on-site monitoring visit. Program Managers wil provide this report within one month an on-site review. The report will identify areas where the recipient has demonstrated compliance; identify areas for improvement, and as corrective action if necessary. The report will also include a list of follow up documents/ information needed, if applicable.

The monitoring report will provide information on how to cure any deficiency identified. Typically, recipients have 30 days to cure deficiencies or face non-compliance status.

**CDBG 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 Monitoring**

Implemented Improvements
IFA has implemented additional procedures to monitor and act if projects exceed the 120-day deadline for inactivity following the project's last draw. This is resulting in improved compliance with the 120-day limitation that could result in HUD's de-obligation of funds for a specific address.

IFA has also implemented a strategy to increase the percentage of occupied HOME units to all HOME units. Since implementing this strategy, the State of Iowa has increased the occupancy rate to 100 percent – better than the national average of 99.37 percent, as of June 2013.

Desk Monitoring
IFA project managers oversee a project from the initial award through completion of the project and its activities in the Federal IDIS system. A meeting is held with each recipient that receives a HOME award. The project manager corresponds with the HOME recipient and performs desk monitoring procedures/measures throughout the development of a project to track it's progress and ensure that HOME rules/regulations, environmental procedures, and other compliance regulations are being followed.

In addition to periodic construction/rehabilitation inspections, IFA's construction analyst evaluates the work completed prior to each draw that is processed for a rental project. The HOME recipient is required to notify the construction analyst of the pre-construction conference, where he attends and explains what is needed and expected for the HOME project, and informs the recipient that he must be notified of future pay-out meetings. The construction analyst will document these meetings and forward a report to the project manager giving approval for the draw to be reviewed. The project manager reviews supporting documentation submitted with each draw to ensure that all expenses are HOME eligible.

Construction Site Visits & Observations
IFA's construction analyst performs site visits at various construction or rehabilitation intervals to inspect the physical work being performed at a project.

Progress inspections are important because:

1. An inspection will determine if work completed corresponds to the design criteria, the construction contract and the schedule before payment is made to the contractor;
2. They help ensure that safety and security measures are being taken and that necessary inspections by local jurisdictions have occurred;
3. They allow IFA to view the project at key construction points;
4. HUD requires that inspections be documented and include the signature of the inspector and the date.

Timing of Inspections
The construction schedule (new construction or rehabilitation) will determine the expected times for a progress inspection.

New Construction
Site visits by IFA for new construction will occur typically at:

- Pre-Construction: A meeting(s) is attended by IFA's representative who explains what is needed and expected for the HOME project. Developer's notes are collected.
- Foundation Installation: An inspection should occur when reinforcing bars are installed

and any under slab wiring, plumbing, and insulation are in place. An unscheduled inspection may reveal a great deal about work quality and progress, as well as answer concerns a property owner may have.

- At rough-in: Before sheet rock and insulation, to view mechanical and electrical installation.
- At insulation: If no energy consultant is involved to help ensure a class 1 installation.
- Final inspection: After punch list and before occupancy, except in occupied projects where inspection times will vary from this sequence.

A final inspection must also be made by the appropriate jurisdiction and work must pass this inspection before the any final payment is released to the contractor.

The recipient will schedule a final inspection to be attended by the owner, project administrator/consultant, contractor(s) and IFA Inspector. Notice of this inspection must be scheduled with IFA at least 3-5 days prior to the scheduled date.

The following documents must be available at the final inspection:

- Punch List(s);
- Certificate(s) of Final Inspection from city or applicable jurisdiction

General items of discussion at the final inspection may include:

- Acceptance of work by all parties;
- Transfer of insurance coverage to the owner;
- Utility considerations;
- Establishment of warranty period; and
- Final payment.

After completion of the punch list items, and (if appropriate) the architect's notice, the recipient should receive from the contractor:

1. Cost certifications;
2. Operations manuals (for furnaces and other systems);
3. Warranties of work performed;
4. Guarantees from manufacturers of materials and systems installed;
5. Release of liens by suppliers, all subcontractors, and the general contractor.

No final payment should be made until all documents are received and lien releases are verified.

<u>Site Monitoring for Rental Projects</u>

The project manager will perform at least one final monitoring. The project manager will review all records and documents for a project, inspect several tenant files to ensure HOME income eligibility and perform a physical inspection of the property to verify that it is in compliance with HOME and HUD regulations and cross-cutting requirements. A formal monitoring report is sent to the HOME recipient outlining areas where the project has met HOME requirements, and any findings that the project needs to address. The project manager works directly with the recipient and IFA management to address any concerns or noncompliance issues.

After the final inspection is completed, the project manager passes the project from the allocation department to IFA's long-term compliance team.

<u>Homebuyer and TBRA Projects:</u>

The project manager will perform at least one monitoring review on subrecipient projects. The

review will include all records and documents regarding HOME compliance.

Annual Monitoring Plan

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.

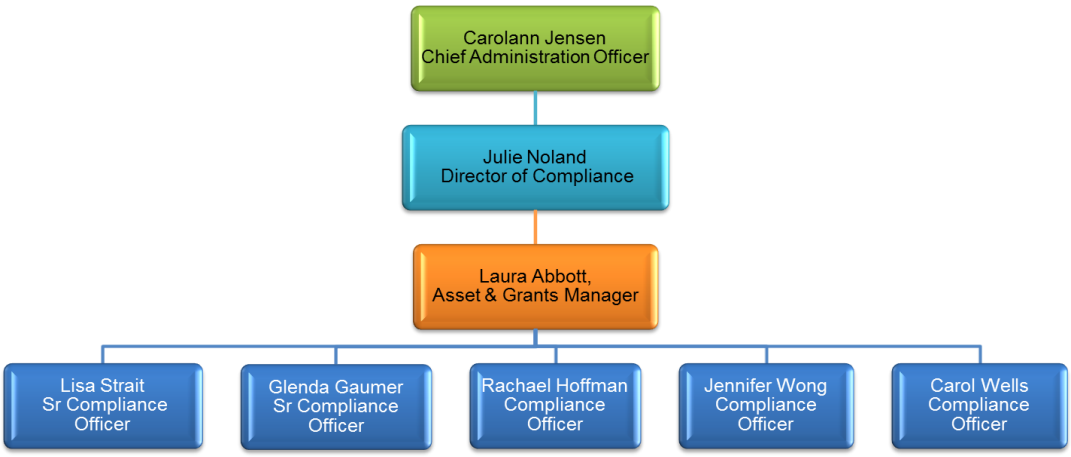
The IFA's compliance team completed a new compliance manual for HOME projects. The manual clearly articulates what is expected of the project and how to meet those expectations. The manual is available on the IFA website.

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 are assigned a geographic region to oversee the monitoring process. Additionally a part-time compliance officer will be available to float between regions as needed.

IFA Compliance Department




IFA's Monitoring Process

1. *Scheduling of the Project Monitoring Visit*
    a. SBCT will contact the Owner or their designated contact to select a mutually agreed-upon date to conduct the inspection
    b. A letter from SBCT will follow once the inspection date and time has been scheduled to confirm the date and time of the monitoring visit. An information sheet with instructions regarding the file and project audit portion of the monitoring visit will be provided at this time.
    c. The project will be advised who their IFA compliance officer will be.
2. *IFA instructs the owner or designated contact of the project to prepare for the Monitoring Visit by reviewing the following:*
    a. LIHTC -Review of 8609 options and impact on compliance
        i. 100 percent LIHTC vs Mixed Use Projects (3b)
        ii. Impact of Question 8b on compliance monitoring
        iii. Impact of 10c and 10d
    b. LIHTC and/or HOME -Review of the LURA and impact on compliance
    c. Review of HOME contract (written agreements) and HOME Compliance Monitoring requirements
        i. Total number of HOME units
        ii. Fixed or Floating units
        iii. High or Low units
        iv. Affordability period start date and end date

d. Review Resident Selection Criteria Plan and Lease
e. Review Contact Information
f. Review of Project Specific LURA requirements
g. Site, Building, and Tenant File preparation
h. Assure Usage of Mandatory Tenant Forms
    i. Compliance Monitoring Information Sheet
    ii. Student Status Self Affidavit (TC)
    iii. Zero Income Self Affidavit (TC)
    iv. Under $5,000 Asset Certification (TC)
    v. TIC -Tenant Income Verification Form (TC)
i. Review IFA forms to be used by SBCT during Physical Insp.
    i. Site/Building/Systems & Common Area Review Form
    ii. Unit Inspection Review Form

3. Monitoring Visit – Submission of Project- Level Information & Tenant Files
    a. At the outset of the monitoring visit, SBCT will provide the property contact with File and Project Level Auditing Instructions and a list of the tenant files and units that have been selected for audit.
    b. Generally this will encompass 20 percent of the low-income restricted residential units (or a minimum of 3 units for a project that contains less than 15 units.)
    c. Required documentation must be submitted to IFA within 10 business days of the monitoring visit. Can be transmitted in a variety of ways, by fax, email or postal delivery.
    d. Items to be submitted to IFA (electronically) when notified of pending inspection - Project Documents Required
        i. Tenant Selection Plan
        ii. Blank Tenant Application
        iii. Copies of any marketing materials (brochures, pamphlets or ads)
        iv. Copies of other governmental agency inspection documentation
        v. Blank Lease & addendums
        vi. Property/Management Rules
        vii. Affirmative Fair Housing Marketing Plan
        viii. Supportive Services Plan and Checklist
        ix. Copy of current file systems inspection
        x. Copies of any Fair Housing violations
    e. Items to be submitted to IFA (electronically) when notified of pending inspection - Tenant File Documents Required

i. Certification Packet:
    1. Initial Move-In Income/Asset qualifications and verifications for 100 percent LIHTC Projects
    2. Most recent full re-certification for Mixed-Use Projects
    3. Most recent re-certification of income/asset qualifications & verifications (HOME & Mixed-Use Projects only)

ii. TIC -Tenant Income Certification Form (LIHTC projects)

iii. Signed Lease

iv. Student Status Self Affidavit (each adult tenant)

v. Consent to release information forms (no signed blanket forms to be used)

vi. Completed Application

vii. Zero Income Affidavit (if applicable)

viii. Under $5,000 Assets Certification (LIHTC Only, if applicable)

4. Monitoring Visit – Physical Inspection

    a. Check the property for proper signage to comply with Fair Housing requirements.

    b. Perform physical site inspections covering the entire exterior and common areas of the project and the interiors of 20 percent of the low-income restricted residential units (or a minimum of 3 units for project that contain less than 15 units.) HOME designated units will be selected for review as applicable.

    c. Perform a technical evaluation of the mechanical systems and structural aspects of the property. Included in the technical evaluation will be a description of the actual systems and structures utilized in the construction of the property, their current age, life expectancy, and any indications that preventative or urgent maintenance is needed. SBCT's expertise regarding the technical evaluation will increase the safety for the tenants during the compliance period. These types of technical evaluations will assist IFA in better evaluating a property's commitment to maintenance. The property owners will also benefit from the information gleaned from these evaluations to better determine the maintenance needs of the project.

        i. In most instances, the physical inspection will take approximately 1 to 2 hours unless a large number of units are being inspected.

        ii. SBCT will NOT generally make any determinations concerning compliance, but will simply conduct and document (including photos) the inspection, note any potential deficiencies and provide their findings to IFA for their review. IFA will communicate with the owner as to the outcome of this inspection and file review.

        iii. If any critical violations are noted during the inspection, the owner will receive a written notice of the violation(s) at the time of inspection and will be expected to provide documentation to IFA that the repair work is completed within 72 hours.

5. Issuance of Initial Owners Report
    a. Within 30 days of submission of tenant/project files to IFA an Initial Owner's report will be issued to the Owner and the designated management company contact.
        i. SBCT will submit a physical report, photos and recommendations to IFA for inclusion in one report.
        ii. Report will be emailed or delivered as a PDF file or by postal service if necessary.
    b. Report will detail findings for the project, each building and all units selected for audit.
        i. Findings will be identified as Section 42, HOME rule violations and/or LURA-related issues.
        ii. Initial findings listed as determined by IFA's review of information received from the project.
        iii. May identify administrative or technical issues.
        iv. Recommendations for best practices and changes to improve future management of the project.
        v. Suggestions may be given to provide the project with corrective actions to remedy noted non-compliance issues.
6. Owners Response to Initial Owners Report
    a. Owner submits documentation and/or an explanation to mitigate findings from IFA's initial Owners report.
    b. Work orders signed by maintenance and property management, photographs or written narrative of issues and resolution will suffice.
    c. Owner has 90 days from date of initial report to respond to findings. An additional 90-day extension may be granted, at IFA's discretion.
        i. Must be submitted in writing and approved by your IFA Compliance Officer prior to the end of the initial 90 days.
        ii. Must provide details on why an extension is necessary.
        iii. Generally only things outside the control of the property like weather should trigger an extension request.
7. Issuance of Final Owners Report
    a. IFA's role is to determine whether the Owner has provided:
        i. Clarification establishing that the Owner was always in compliance.
        ii. Documentation that the issue(s) of non-compliance have been remedied within the correction period (out and back into compliance).

iii. No documentation that the issue(s) of non-compliance have been remedied within the correction period (out of compliance).

iv. Documentation that issue(s) of non-compliance have been remedied, but the noncompliance was not corrected until after the end of the correction period (back in compliance).

b. IFA will issue to the owner within 30 days of the end of the 90-day correction period (or 180 with written request for extension):

i. Document issues that were cited and later determined to have never been out of compliance.

ii. Document both corrected and non-corrected Section 42 issues.

iii. Document both corrected and un-corrected HOME and or LURA-related issues.

c. The issuance of this report is Owner's indication that:

i. 8823's will be issued shortly to the IRS for Section 42 findings.

ii. A separate State Report of Non-Compliance will be issued shortly to the owner detailing HOME and or LURA-related findings.

8. 8823's Submitted to the IRS (LIHTC Only)

a. An 8823 is issued for each BIN or building:

i. If it is determined that the Owner was always in compliance, no 8823 will be issued. IFA will notify the Owner that a specific issue is closed and no Form 8823 will be filed with the IRS.

ii. If it is determined that the Owner either remedied the issue(s) of non-compliance or remains out of compliance, a Form 8823 must be filed with the IRS.

iii. The Owner is sent a copy of the filed 8823(s) concurrently with our filing to the IRS.

iv. 8823 are required to be filed with the IRS within 45 days of the end of the correction period (including any extension granted).

9. State Notice of Non-Compliance (HOME & LURA Related Non-Compliance)

a. For HOME only projects relates to non-compliance with HOME rules or with Regulatory Agreement or Contract with the State PJ.

i. Will be issued to the Owner within 90 days of end of the correction period only if the project has not corrected reported non-compliance issues.

ii. Carries equal weight to non-corrected issues reported to the IRS if the Owner wishes to apply in future LIHTC or HOME allocation rounds or applies for funds from any other IFA program.

b. For LIHTC projects relates to non-compliance with the property's filed Land Use Restrictive Agreement (LURA).

10. IRS Actions Upon Receipt of filed 8823
    a. Out and Back in Compliance Forms 8823 are processed at the Philadelphia Service Center (PSC) without contacting the Owner.
    b. Out of Compliance Forms 8823 are assigned to technicians to prepare owner notification letters. The letters are specific to the type of non-compliance reported and explain that non-compliance may result in the loss and recapture of the tax credit.
    c. The Taxpayer receives the Notification letter.
    d. The PSC processes the Forms 8823 and transcribes the information into a database.
    e. Forms 8823 are routinely analyzed to determine whether an audit of the Owner's tax return is needed. The taxpayer's three latest filed income tax returns and all Forms 8823 filed for the project are analyzed.
    f. If it is determined that an audit is warranted, the case file is sent to the appropriate field office for examination.
    g. The Taxpayer is notified that an audit has been scheduled.
    h. Possible Owner Actions upon Receipt of IRS Notification Letter
        i. The notification letter to the Owner instructs the Owner to contact IFA to resolve the non-compliance issue(s) reported on the filed Forms 8823.
        ii. If the non-compliance is resolved within three years, a "back in compliance" Form 8823 must be filed with the IRS and a copy sent to the Owner concurrently.

<u>Yearly Reporting Requirements (HOME & LIHTC)</u>

1. Owner's Annual Certificate of Continuing Program Compliance
    a. 26 CFR Part 1, Section 1.42-5(1) states that the owner of a low-income housing development must be required to certify to the Agency, for the preceding 12 month period that the development met the requirements of Section 42 provisions. HOME projects must also provide an annual certification of continuing program compliance.
    b. Initial Certifications are due April 1st and subsequent year's Certifications are due March 1st.
    c. Word document available at www.iowafinanceauthority.gov to be signed and dated then returned to IFA.
2. Annual Compliance Monitoring Reports (COL –Compliance On-Line)
    a. Under Treas. Reg. §1.42-5(c), taxpayers owning IRC §42 projects are required to annually certify that their projects were in compliance with IRC §42 for the preceding 12-month period.

b. They must report in the form and manner the agency specifies and must certify, under the penalty of perjury, that the information provided is true, accurate, and in compliance with the requirements of IRC §42. Treas. Reg. §1.42-5(c)(1) lists twelve specific requirements that must be addressed in the certification.

c. The agencies are required to review the certifications. The taxpayer is considered noncompliant if the certification is inaccurate, incomplete, or the taxpayer discloses non-compliance with any IRC §42 requirement.

d. HOME projects must also utilize the COL – Compliance On-Line software to provide an annual certification of continuing HOME program compliance.

3. Quarterly Vacant Report

a. The Owner is responsible for reporting vacancies on a quarterly basis.

b. Vacant units are to be counted on the last day of each month and reported to IFA on a quarterly basis by the 10th of the month following the end of each quarter.

c. Forms and instructions may be located on IFA's website located at: at www.iowafinanceauthority.gov

Post -15 Compliance Requirements Extended Use Period (LIHTC)

- Projects in Post-15 for Tax credits, but still under affordability period, are still subject to the HOME rules for the remainder of their affordability period.
- Inspect every 5 years, minimum 3 units; maximum 10 percent of LI units.
- No annual re-certification of LIHTC tenants after year 15 for either 100 percent or Mixed-Use projects.
- Owners will continue to submit annual reports & certification.
- Student Status as defined by IRC Section 42 will no longer apply.
- Next Available Unit rule apply on a per unit basis only to maintain Applicable Fraction.
- Procedures also apply to LIHTC projects financed with tax-exempt bonds provided bonds are no longer outstanding and the bond Qualified Project Period has expired.
- Owner needs to track when a project (and in some cases a building) transitions into the extended use period. If HOME, must know length of Affordability Period.

# Section 3

Section 3 compliance language is included in all HOME and CDBG contracts. Section 3 requirements are also included in grantee Management Guides for both programs.

## Davis Bacon

IEDA and IFA include Davis Bacon requirements in their CDBG and HOME contracts and discuss Davis Bacon monitoring and reporting requirements during new grantee workshops. IFA is working to create a web-based reporting system to improve Davis Bacon reporting and hopes to have it available for contractors beginning with the spring construction season. IFA also hosted a Davis Bacon training session for developers and contractors during the HOME developer award training session. The presenter was Fannie Woods, HUD Regional Labor Standards Director from the Kansas City HUD office. Project Managers for both CDBG and HOME also provide recipients with on-site technical assistance to assist recipients with tracking and reporting wages.

IEDA conducted a Davis Bacon one-day training in September 2016. This is done to ensure recipients are meeting federal Davis Bacon requirements.