

IOWA ECONOMIC DEVELOPMENT AUTHORITY

200 East Grand Avenue | Des Moines, Iowa 50309 USA | Phone: 515.725.3000

iowaeconomicdevelopment.com



November 14, 2012

Tim Severin, Director
Community Planning and Development Division
US Dept. of Housing and Urban Development
Edward Zorinsky Federal Building, Suite 329
1616 Capitol Avenue
Omaha, NE 68102-4908

Dear Mr. Severin:

Enclosed with this letter is the State of Iowa Action Plan for Program Year 2013, beginning January 1, 2012. This plan is submitted in accordance with 24 CFR 91.320. Also enclosed are the required SF- 424 forms and the Certifications relating to each of the HUD programs that are covered within the Consolidated Plan.

If you have any questions, please do not hesitate to contact Tim Waddell at (515)725-3002 or Leslie Leager at (515)725-3071.

Sincerely,

A handwritten signature in black ink that reads "Deborah V. Durham". The signature is written in a cursive style and extends across the width of the page.

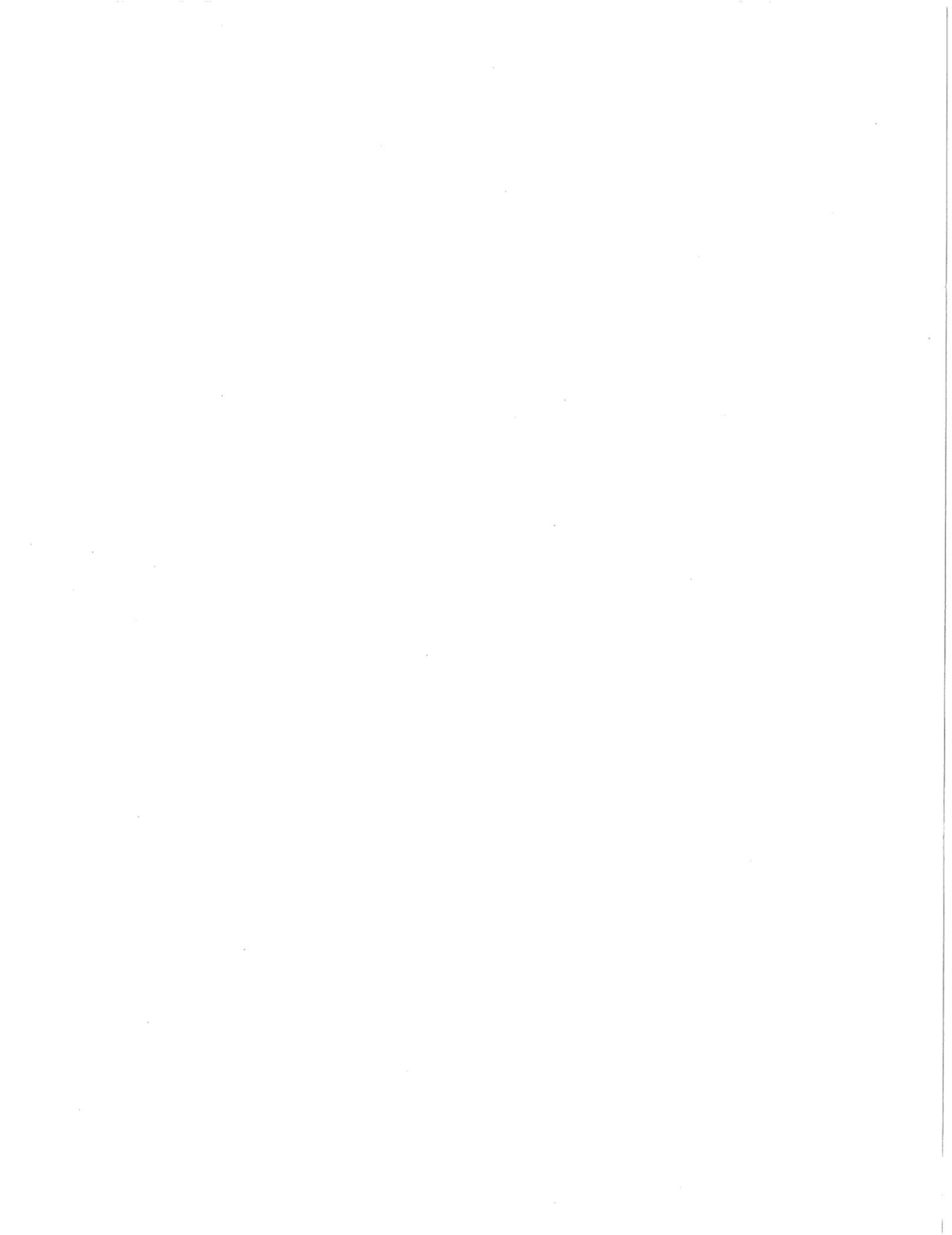
Deborah V. Durham, Director
Iowa Economic Development Authority

Enclosures

Cc: Ms. Shari Garner, HUD CPD
Mr. Steve Eggleston, HUD Des Moines
Mr. David Jamison, IFA
File - 2013 Action Plan

FedEx Tracking# 7940 7091 7628





STATE CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing -- The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about -
 - (a) The dangers of drug abuse in the workplace;
 - (b) The grantee's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
 - (a) Abide by the terms of the statement; and
 - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant

officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
 - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

Anti-Lobbying -- To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

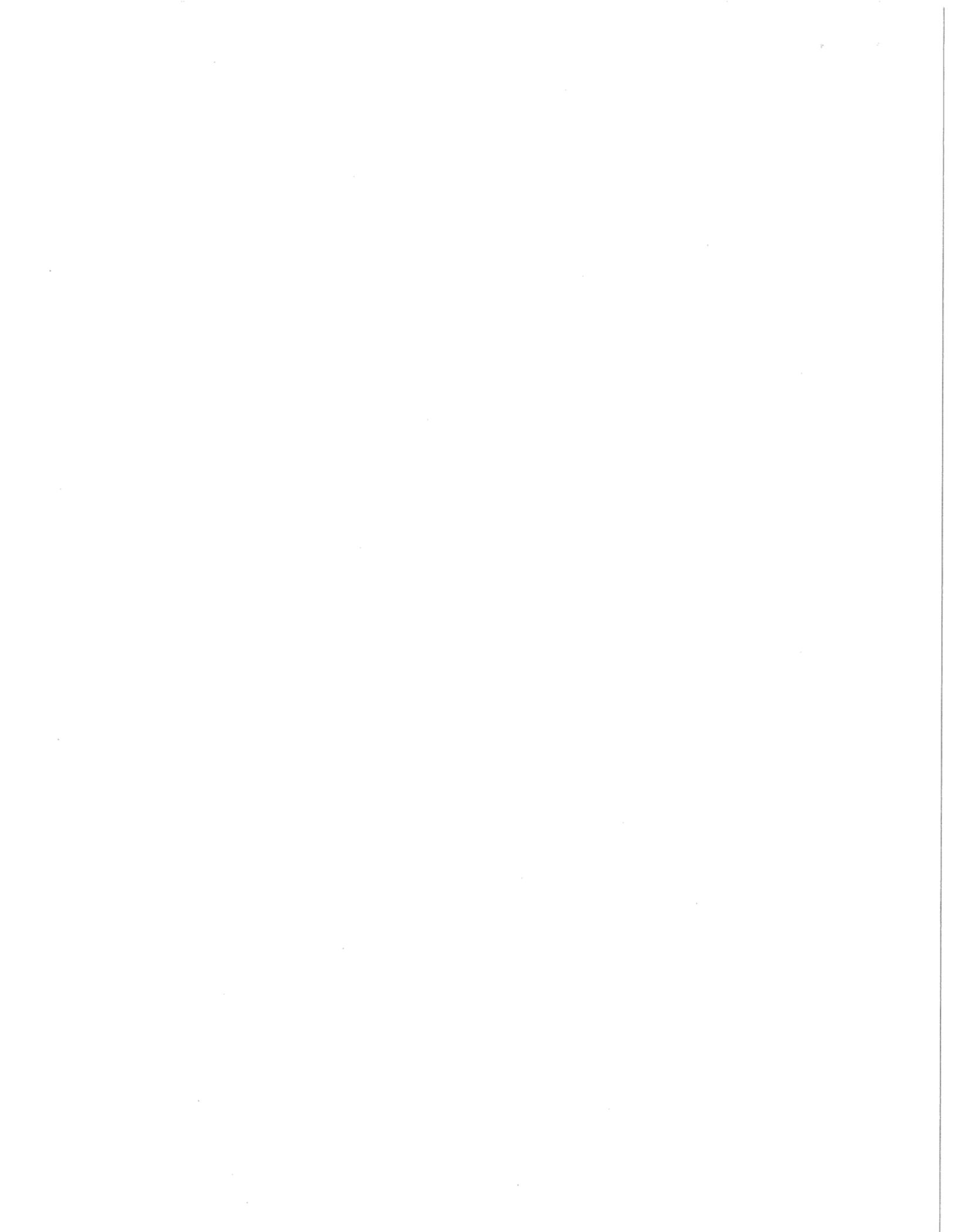
Authority of State -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

Deborah V. Durh 11-14-12
Signature/Authorized Official Date

Director
Title



Specific CDBG Certifications

The State certifies that:

Citizen Participation -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments -- It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification -- It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds -- It has complied with the following criteria:

1. **Maximum Feasible Priority.** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available);
2. **Overall Benefit.** The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 2012, 13, and 14. (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

3. Special Assessments. The state will require units of general local government that receive CDBG funds to certify to the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

Excessive Force -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

Compliance With Anti-discrimination laws -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws -- It will comply with applicable laws.


Signature/Authorized Official Date

Director
Title

STATE CERTIFICATIONS

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1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about -
 - (a) The dangers of drug abuse in the workplace;
 - (b) The grantee's policy of maintaining a drug-free workplace;
 - (c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - (d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will -
 - (a) Abide by the terms of the statement; and
 - (b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant

- officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted -
 - (a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - (b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
 7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.

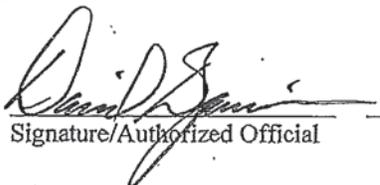
Anti-Lobbying -- To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of paragraphs 1 and 2 of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

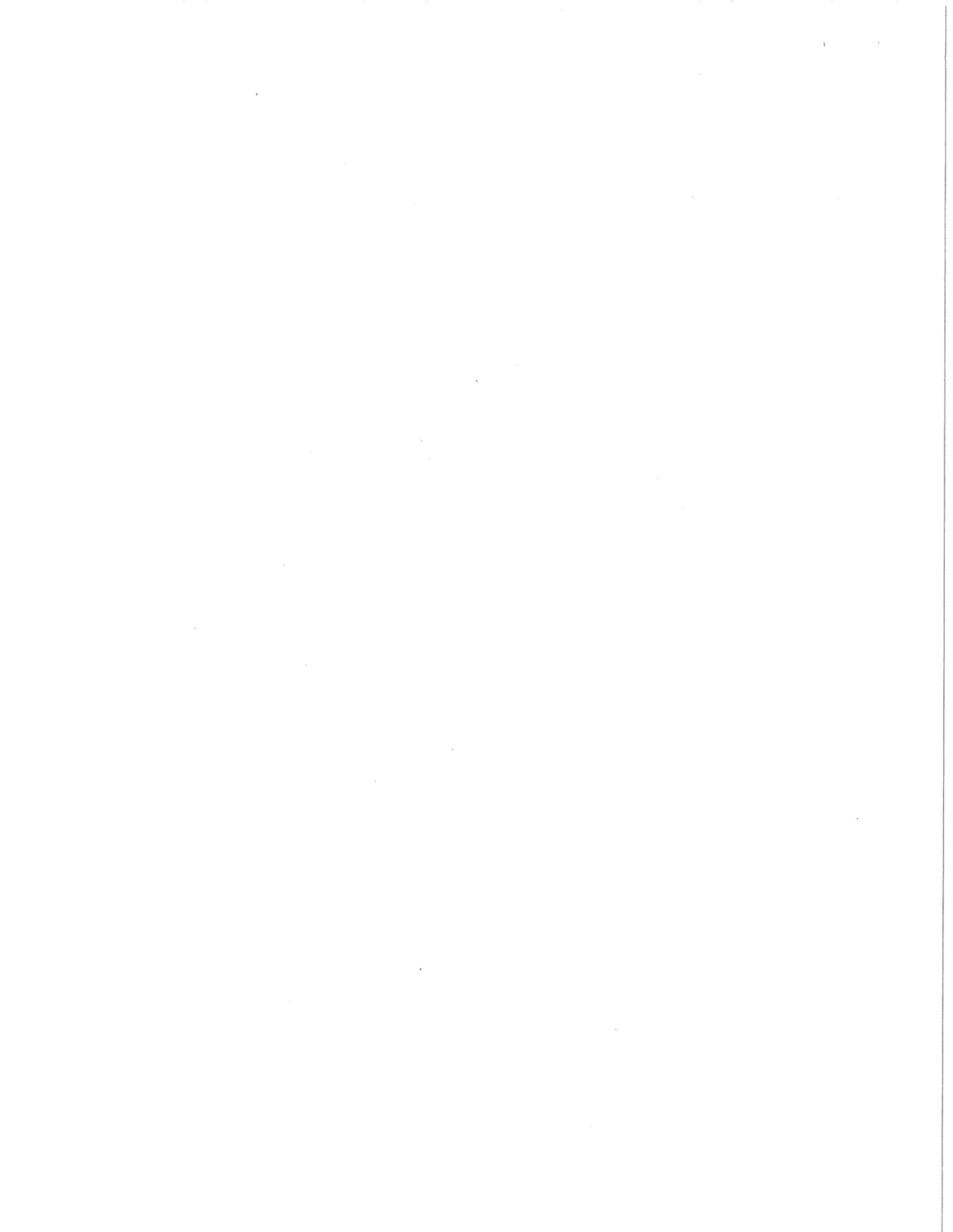
Authority of State -- The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

 9-28-12
Signature/Authorized Official Date

Executive Director
Title



Specific HOME Certifications

The State certifies that:

Tenant Based Rental Assistance -- If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

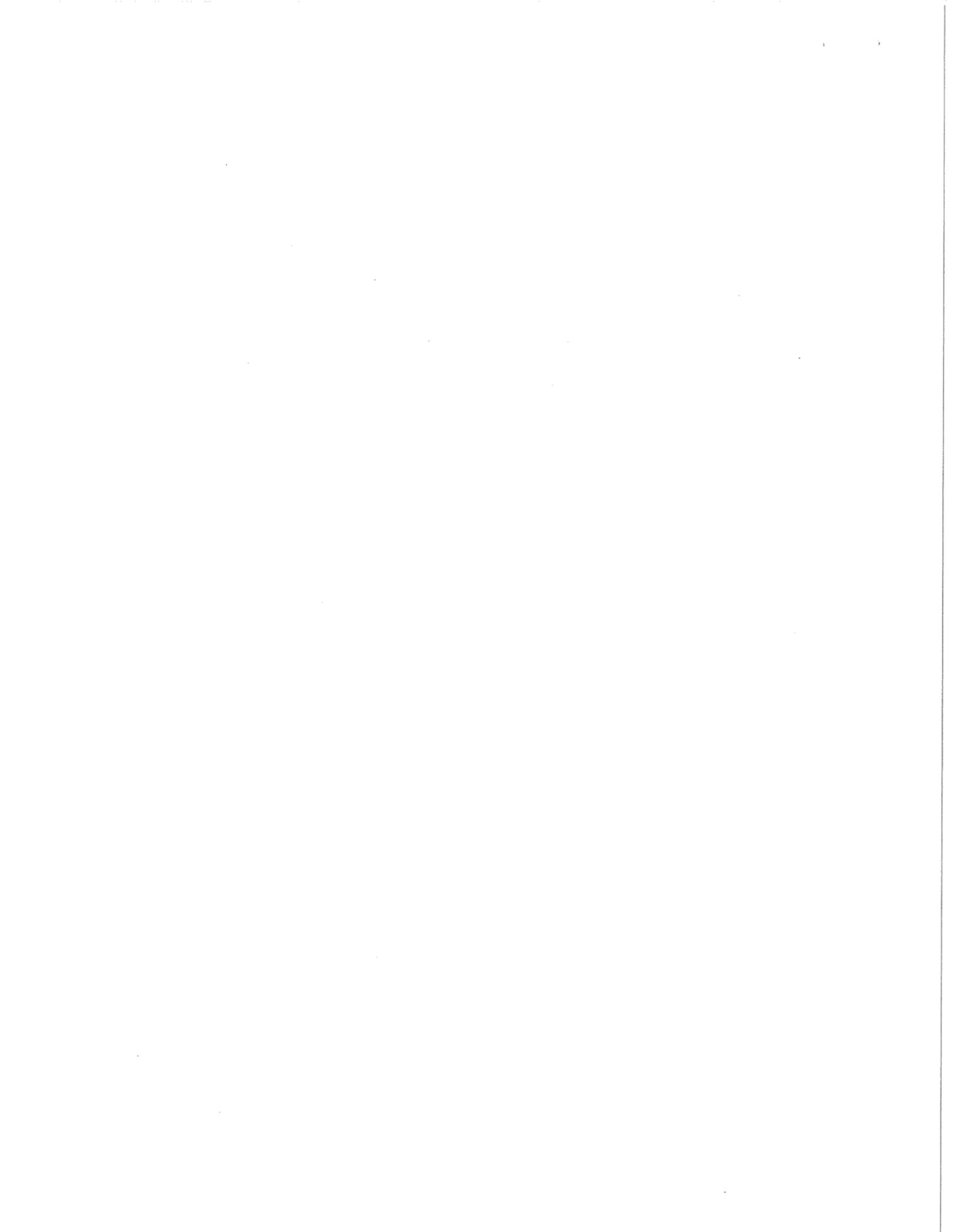
Eligible Activities and Costs -- It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR § 92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance -- Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.


Signature/Authorized Official


Date

Executive Director
Title



ESG Certifications

The State seeking funds under the Emergency Shelter Program (ESG) certifies that it will ensure that its recipients of ESG funds comply with the following requirements:

Major rehabilitation/conversion -- In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major, the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

Essential Services and Operating Costs -- Where the assistance involves essential services or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served.

Renovation -- Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services -- It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal State, local, and private assistance for such individuals.

Matching Funds -- It will obtain matching amounts required under 24 CFR 576.51 and 42 USC 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

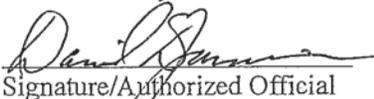
Confidentiality -- It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter.

Homeless Persons Involvement -- To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted through this program, and in providing services for occupants of such facilities.

Consolidated Plan -- It is following a current HUD-approved Consolidated Plan or CHAS.

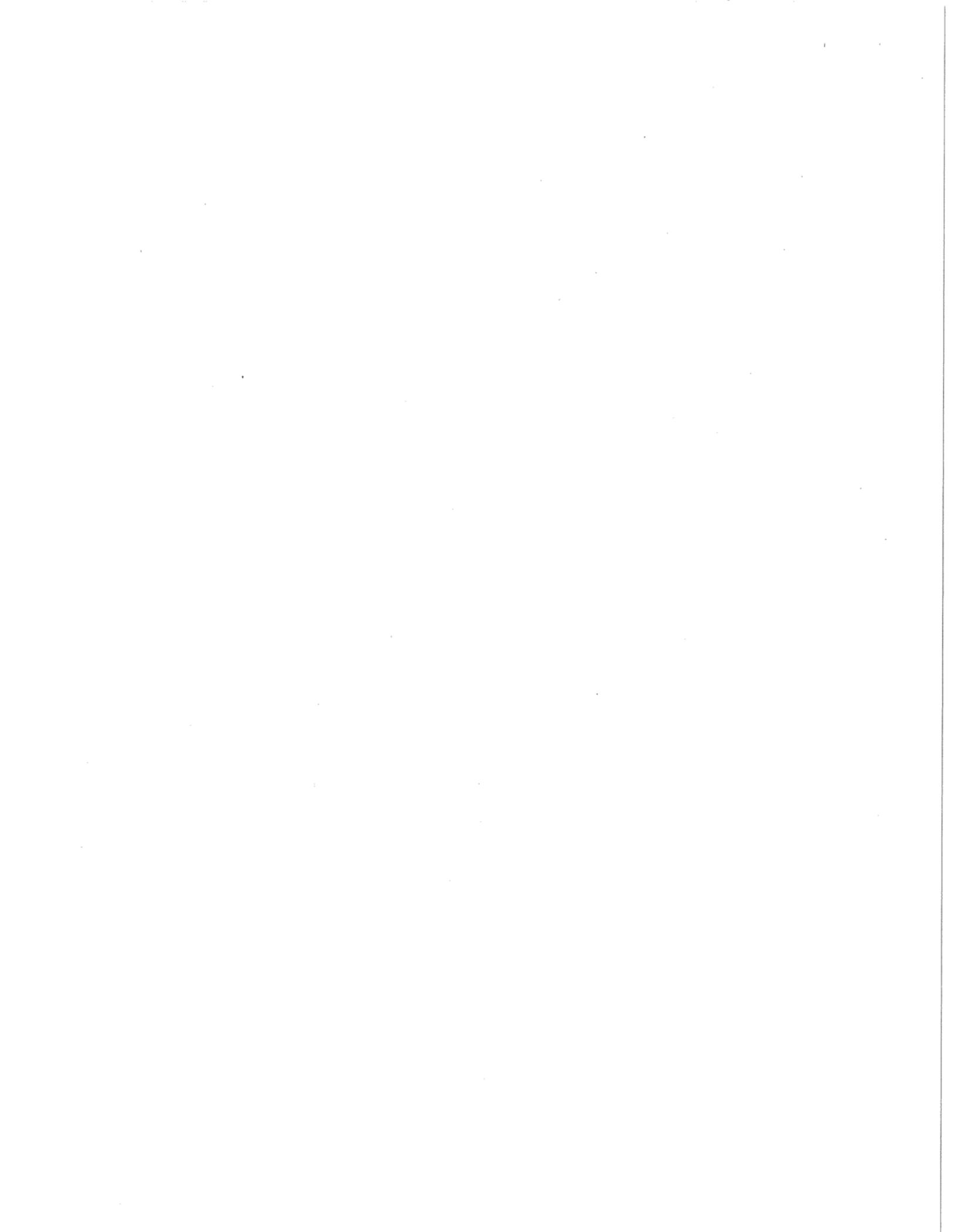
Discharge Policy -- It has established a policy for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

HMIS -- It will comply with HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.


Signature/Authorized Official

11/9/12
Date

Executive Director
Title



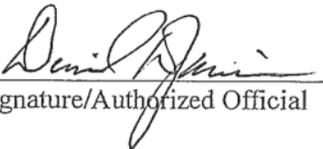
HOPWA Certifications

The State HOPWA grantee certifies that:

Activities -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

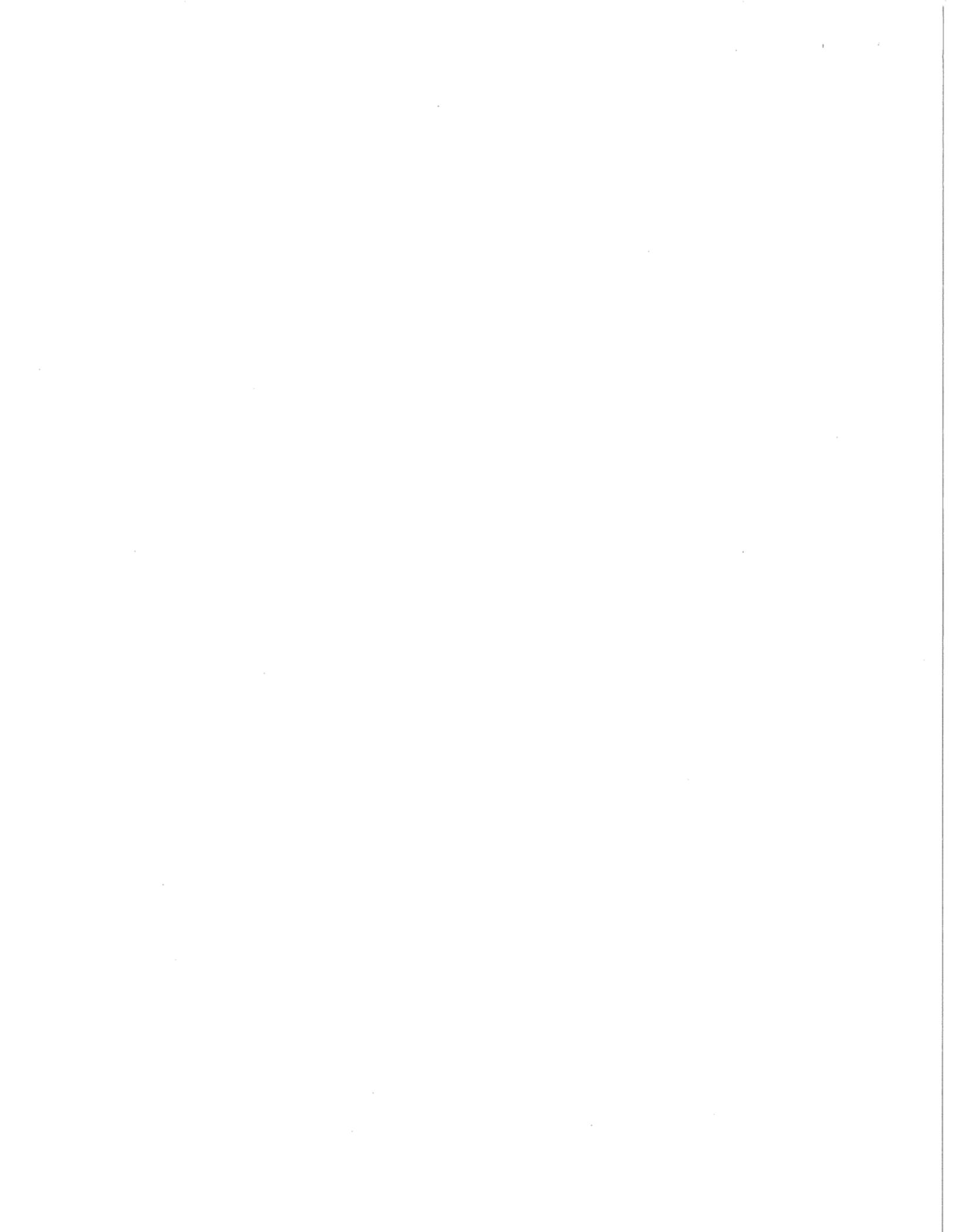
Building -- Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

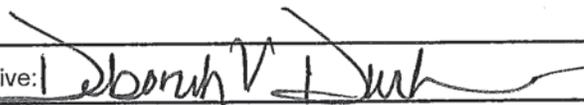
1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,
2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.


Signature/Authorized Official


Date

Executive Director
Title



Application for Federal Assistance SF-424		Version 02
16. Congressional Districts Of:		
*a. Applicant: statewide		*b. Program/Project: statewide
17. Proposed Project:		
*a. Start Date: 01/01/13		*b. End Date: 12/31/13
18. Estimated Funding (\$):		
*a. Federal	_____ \$ 21,053,513.00	
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	
*g. TOTAL	_____	
*19. Is Application Subject to Review By State Under Executive Order 12372 Process?		
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on _____		
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.		
<input checked="" type="checkbox"/> c. Program is not covered by E. O. 12372		
*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)		
<input checked="" type="checkbox"/> ** I AGREE		
** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions		
Authorized Representative:		
Prefix: Mrs.	_____	*First Name: Deborah _____
Middle Name: V.	_____	
*Last Name: Durham	_____	
Suffix: _____		
*Title: Director		
*Telephone Number: 515-725-3020		Fax Number: 515 -725-3010
* Email: Debi.Durham@iowa.gov		
*Signature of Authorized Representative: 		*Date Signed: 11-14-12

Application for Federal Assistance SF-424

Version 02

***Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

**APPLICATION FOR
FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier
Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name:	Organizational Unit:
State of Iowa	Department: Iowa Finance Authority
Organizational DUNS: 614823722	Division:
Address: Street: 2015 Grand Avenue	Name and telephone number of person to be contacted on matters involving this application (give area code) Prefix: Ms. First Name: Amber
City: Des Moines	Middle Name
County: Polk	Last Name Lewis
State: Iowa Zip Code 50312	Suffix:
Country: USA	Email: amber.lewis@iowa.gov

6. EMPLOYER IDENTIFICATION NUMBER (EIN):
52-1699886

Phone Number (give area code) (515) 238-1930	Fax Number (give area code) (515) 725-4901
---	---

8. TYPE OF APPLICATION:
 New Continuation Revision
If Revision, enter appropriate letter(s) in box(es)
(See back of form for description of letters.)
Other (specify)

7. TYPE OF APPLICANT: (See back of form for Application Types)
A. State
Other (specify)

9. NAME OF FEDERAL AGENCY:
U.S. Department of Housing and Urban Development

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:
14-231

TITLE (Name of Program):
Emergency Solutions Grant

11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:
Annual Action Plan 2013 (State)

12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):
State of Iowa

13. PROPOSED PROJECT

Start Date: 01/01/2013	Ending Date: 12/31/2014
---------------------------	----------------------------

14. CONGRESSIONAL DISTRICTS OF:
a. Applicant Statewide b. Project Statewide

15. ESTIMATED FUNDING:

a. Federal	\$	2,732,295 ⁰⁰
b. Applicant	\$	⁰⁰
c. State	\$	⁰⁰
d. Local	\$	⁰⁰
e. Other	\$	⁰⁰
f. Program Income	\$	⁰⁰
g. TOTAL	\$	2,732,295 ⁰⁰

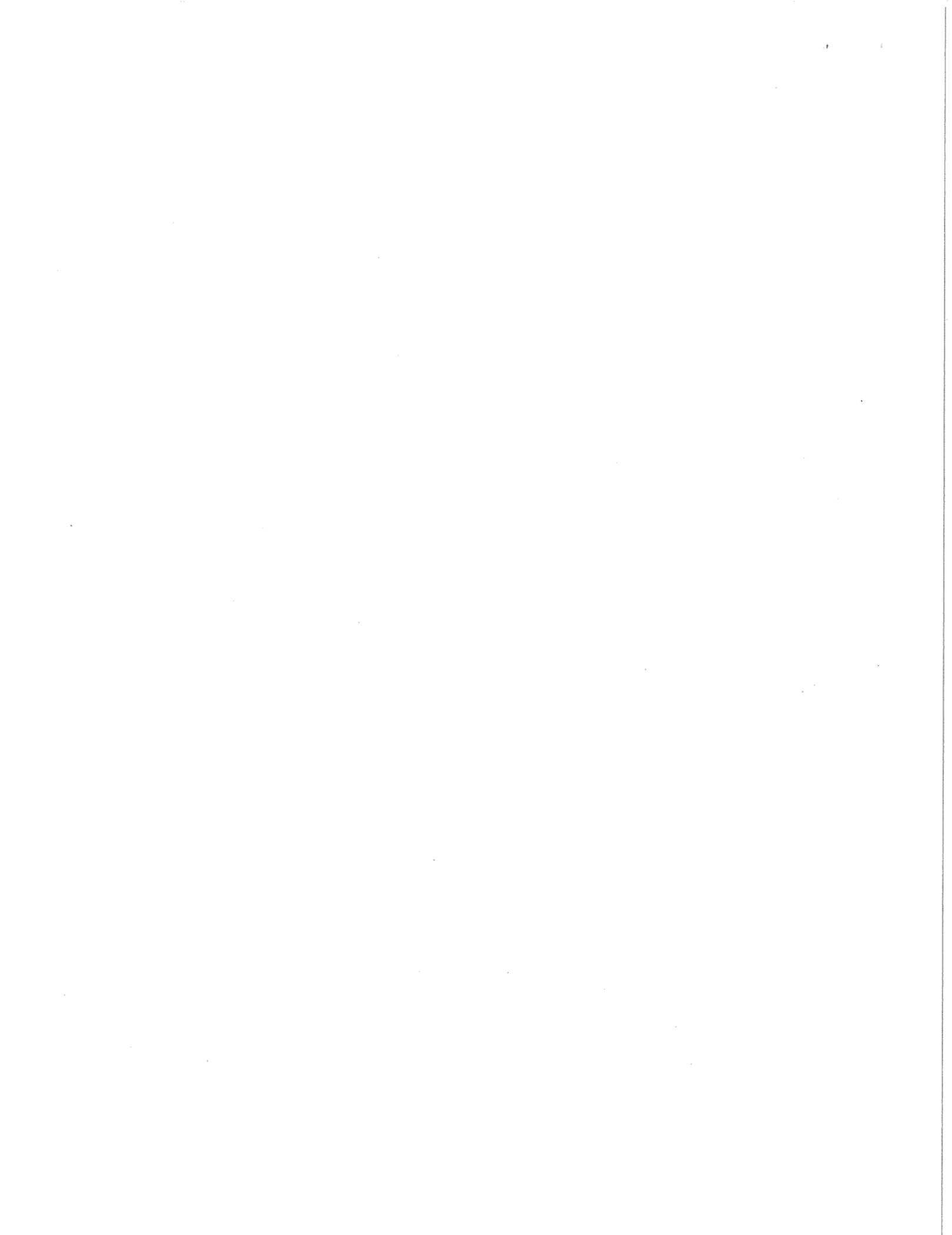
16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?
a. Yes. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:
b. No. PROGRAM IS NOT COVERED BY E. O. 12372
 OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?
 Yes If "Yes" attach an explanation. No

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

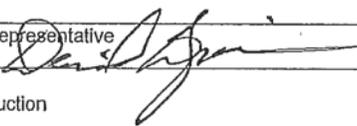
a. Authorized Representative

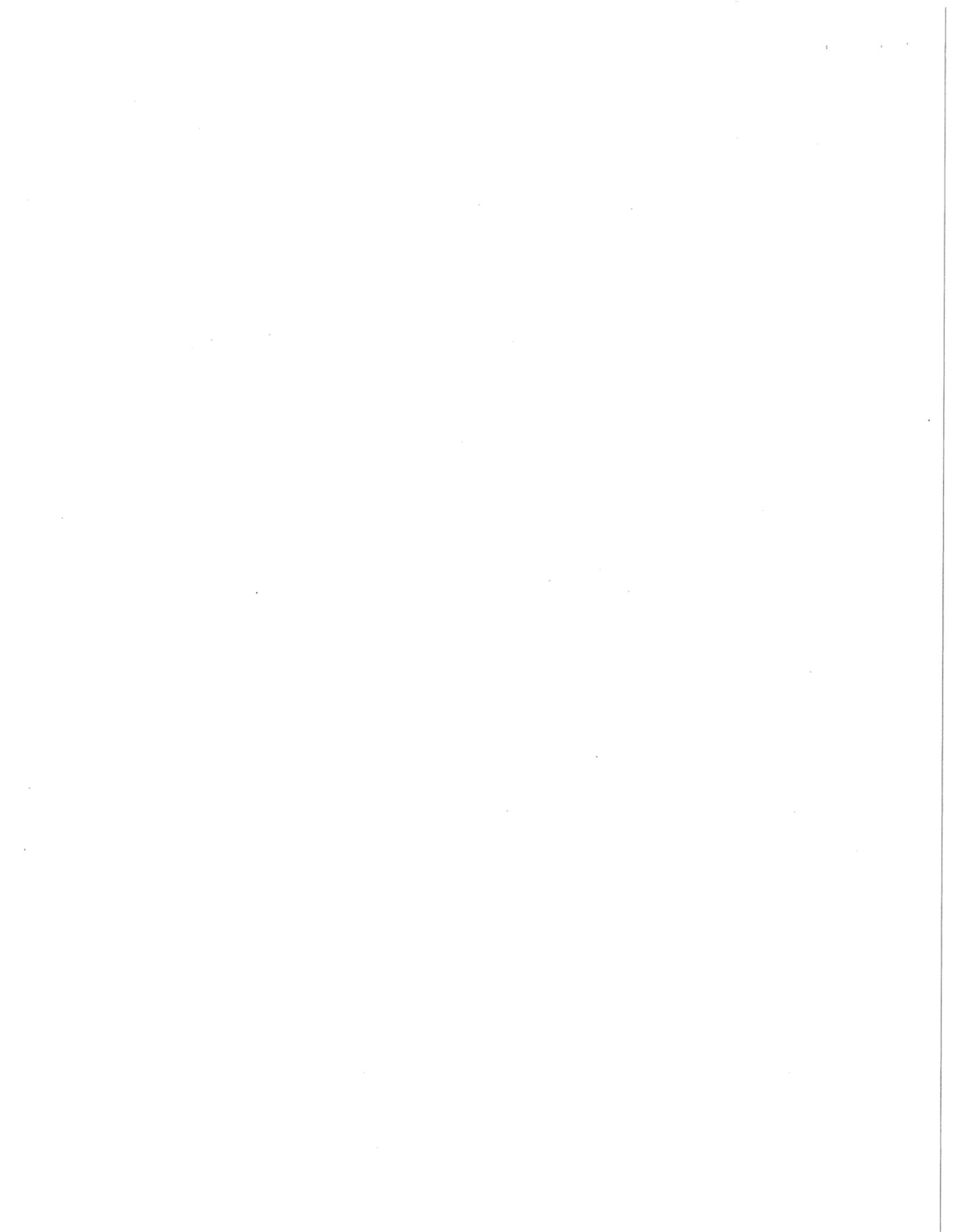
Prefix Mr.	First Name David	Middle Name D.
Last Name Jamison	Suffix	
b. Title Executive Director	c. Telephone Number (give area code) (515) 725-4977	
d. Signature of Authorized Representative	e. Date Signed 9-28-12	



**APPLICATION FOR
FEDERAL ASSISTANCE**

Version 7/03

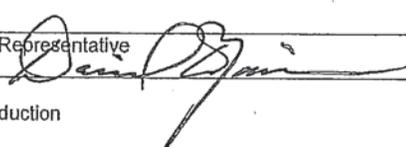
1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	2. DATE SUBMITTED 11/9/2012	Applicant Identifier	
			3. DATE RECEIVED BY STATE	State Application Identifier	
			4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier	
5. APPLICANT INFORMATION					
Legal Name: State of Iowa			Organizational Unit: Department: Iowa Finance Authority		
Organizational DUNS: 614823722			Division: HOME Department		
Address: Street: 2015 Grand Avenue			Name and telephone number of person to be contacted on matters involving this application (give area code)		
City: Des Moines			Prefix: Ms.	First Name: Carolann	Middle Name
County: Polk			Last Name Jensen		
State: Iowa	Zip Code 50312		Suffix:		
Country: United States			Email: carolann.jensen@iowa.gov		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 5 2 - 1 6 9 9 8 8 6			Phone Number (give area code) (515)725-4955	Fax Number (give area code) (515)725-4901	
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) <input type="checkbox"/> <input type="checkbox"/>			7. TYPE OF APPLICANT: (See back of form for Application Types) A. State Other (specify)		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): HOME Investment Partnership 1 4 - 2 3 9			9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development		
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): State of Iowa			11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Annual Action Plan 2013 (State)		
13. PROPOSED PROJECT Start Date: 01/01/13 Ending Date: 12/31/13			14. CONGRESSIONAL DISTRICTS OF: a. Applicant Statewide b. Project Statewide		
15. ESTIMATED FUNDING:			16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?		
a. Federal	\$	6,071,825 ⁰⁰	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:		
b. Applicant	\$	⁰⁰	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372		
c. State	\$	⁰⁰	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW		
d. Local	\$	⁰⁰	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?		
e. Other	\$	⁰⁰	<input type="checkbox"/> Yes if "Yes" attach an explanation. <input checked="" type="checkbox"/> No		
f. Program Income	\$	⁰⁰	18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.		
g. TOTAL	\$	⁰⁰	a. Authorized Representative		
Prefix Mr.		First Name David	Middle Name D.		
Last Name Jamison		Suffix			
b. Title Executive Director		c. Telephone Number (give area code) (515)725-4900			
d. Signature of Authorized Representative 		e. Date Signed 9-28-12			

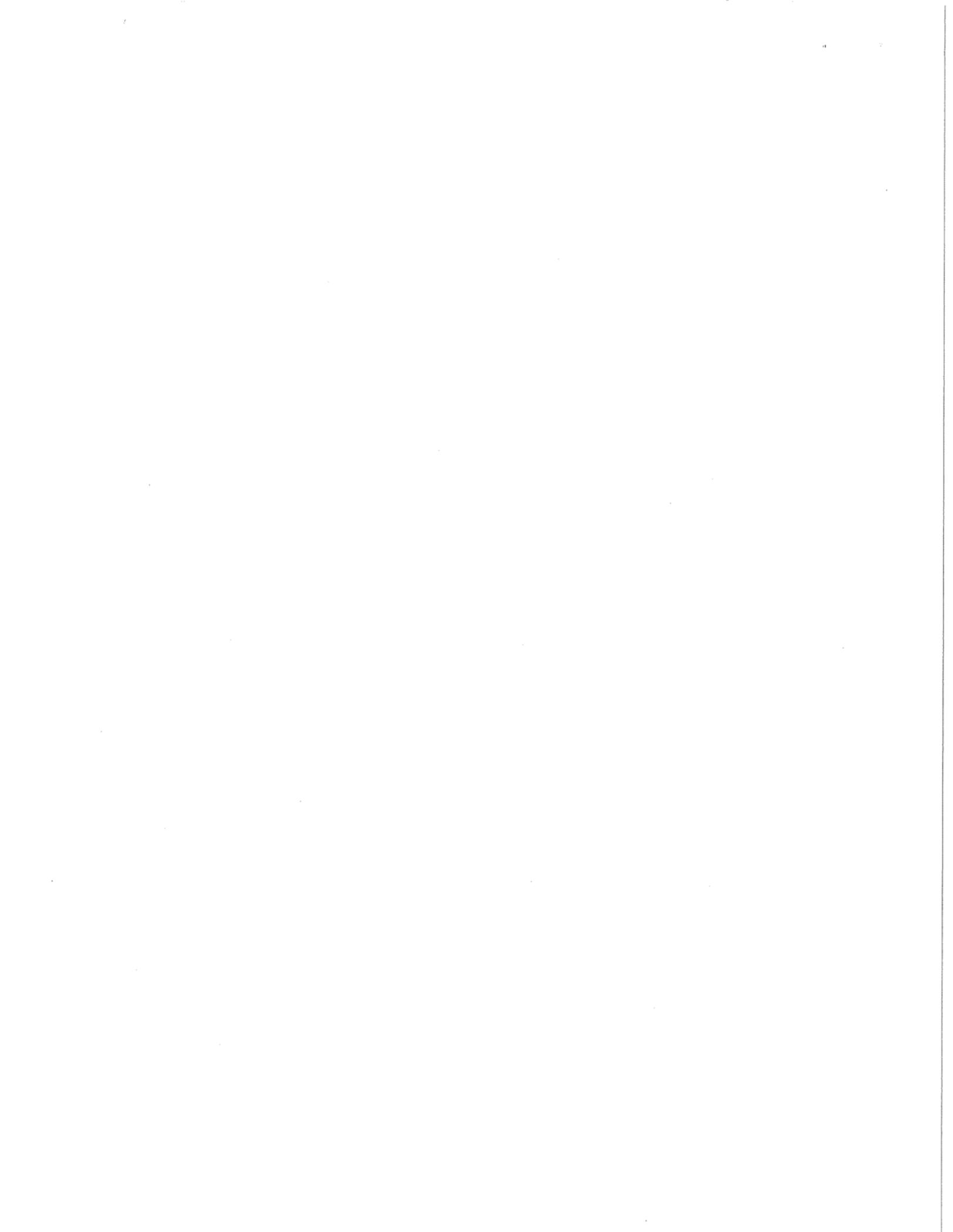


**APPLICATION FOR
FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	2. DATE SUBMITTED	Applicant Identifier
			3. DATE RECEIVED BY STATE	State Application Identifier
			4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION				
Legal Name: State of Iowa		Organizational Unit: Department: Iowa Finance Authority		
Organizational DUNS: 614823722		Division:		
Address: Street: 2015 Grand Avenue		Name and telephone number of person to be contacted on matters involving this application (give area code)		
City: Des Moines		Prefix: Ms.	First Name: Amber	
County: Polk		Middle Name		
State: Iowa		Last Name Lewis		
Zip Code 50312	Suffix:			
Country: USA		Email: amber.lewis@iowa.gov		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 52-1699886		Phone Number (give area code) (515) 238-1930		Fax Number (give area code) (515) 725-4901
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify)		7. TYPE OF APPLICANT: (See back of form for Application Types) A. State Other (specify)		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Housing Opportunities for Persons with AIDS 14-241		9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development		
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): State of Iowa		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Annual Action Plan 2013 (State)		
13. PROPOSED PROJECT Start Date: 01/01/2013 Ending Date: 12/31/2013		14. CONGRESSIONAL DISTRICTS OF: a. Applicant Statewide b. Project Statewide		
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?		
a. Federal	\$ 409,416 ⁰⁰	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:		
b. Applicant	\$ ⁰⁰	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW		
c. State	\$ ⁰⁰	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?		
d. Local	\$ ⁰⁰	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No		
e. Other	\$ ⁰⁰			
f. Program Income	\$ ⁰⁰			
g. TOTAL	\$ 409,416 ⁰⁰			
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.				
a. Authorized Representative				
Prefix Mr.	First Name David	Middle Name D.		
Last Name Jamison		Suffix		
b. Title Executive Director		c. Telephone Number (give area code) (515) 725-4977		
d. Signature of Authorized Representative 		e. Date Signed 9-28-12		



Application for Federal Assistance SF-424

Version 02

*1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

*2. Type of Application

- New
- Continuation
- Revision

* If Revision, select appropriate letter(s)

*Other (Specify) _____

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

*5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

8. APPLICANT INFORMATION:

*a. Legal Name: State of Iowa

*b. Employer/Taxpayer Identification Number (EIN/TIN):
010606429

*c. Organizational DUNS:
808348981.

d. Address:

*Street 1: 200 East Grand Ave.
Street 2: _____
*City: Des Moines
County: Polk
*State: Iowa
Province: _____
*Country: USA
*Zip / Postal Code 50309

e. Organizational Unit:

Department Name:
Economic Development

Division Name:
Community Development

f. Name and contact information of person to be contacted on matters involving this application:

Prefix: Mr. *First Name: Timothy
Middle Name: R.
*Last Name: Waddell
Suffix: _____

Title: Division Administrator

Organizational Affiliation:

*Telephone Number: 515-725-3002

Fax Number: 515-725-3010

*Email: tim.waddell@iowa.gov

Application for Federal Assistance SF-424

Version 02

***9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

*Other (Specify)

***10 Name of Federal Agency:**

U.S. Department of Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:

14-228

CFDA Title:

Community Development Block Grant Program

***12 Funding Opportunity Number:**

*Title:

13. Competition Identification Number:

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

State of Iowa

***15. Descriptive Title of Applicant's Project:**

Annual Action Plan 2013 (State)

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

ANNUAL ACTION PLAN: 2013

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Introduction/Executive Summary

The State of Iowa is a HUD Participating Jurisdiction. The Annual Action Plan updates the State of Iowa's Consolidated Plan for Housing and Community Development. The Consolidated Plan is a 5-year plan to address housing and community development needs. It was submitted in November 2009 and addresses the goals from 2010 to 2014. The State submits the Plan to the U.S. Department of Housing and Urban Development (HUD) to apply for funds under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs. This Annual Action Plan is for the program year beginning January 1, 2013.

Once the Consolidated Plan is submitted and approved, annually the state submits an Action Plan to update the state's objectives in fulfilling those goals and outlining the State's processes and procedures for distribution of grant funds received from HUD. This will be the fourth annual action plan for the consolidated plan. The first action plan was submitted for 2010 as part of the Consolidated Plan submission. 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. In 2010, the State assigned the administration and implementation of the HOME and the ESG program to Iowa Finance Authority (IFA). The actual date of the program administration began on July 1, 2010, the beginning of the State's fiscal year. IFA is the state agency also responsible for the HOPWA programs. IEDA and IFA staff prepared this Plan in cooperation with staff from the Department of Education, Department of Human Services, Department of Natural Resources, and the Department of Public Health. 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 responses;
- **Applications for Assistance:** HUD Form 424 for the CDBG, HOME, ESG and HOPWA programs; and
- **Certifications:** General and program-specific certifications as required by HUD.

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

The State's performance in previous years has been generally very good in relation to its goals. For example, in the most recent Performance Report, for the period January 1, 2011 through December 31, 2011, the total goal for number of owner occupied houses rehabilitated using CDBG funds was 235. The total number of units rehabilitated during this period was 288, exceeding the goal. The total goal for rental assistance using HOME funds was 30 households. The total number of units assisted during this period was 75. The total goal for homeless assistance was 888 persons served. The total number of people assisted was 11,648.

Non-housing CDBG projects included 46 water, sewer, and drainage infrastructure projects which exceeds the goal of 25.

Citizen Participation

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

Citizen participation was also solicited and comment opportunity was available on the department website, www.iowaeconomicdevelopment.com as well as the IFA website, www.iowafinanceauthority.gov.

The Department solicited input during a 30-day draft review and comment period, accepting comments by mail, facsimile, electronic mail and telephone. IEDA also invited citizen participation on the Action Plan through a public hearing on November 7, 2012 from 4:00 p.m. to 6:00 p.m. IFA staff members consulted with the Iowa Council on Homelessness and the affordable housing development community during the public review period.

IFA announced the start of the public comment period on Twitter and Facebook with a link to the plan on the website.

IFA also sent out notification of the public comment period through their October newsletter called IFAfyi. It is sent to an extensive database of contacts. They also included the public comment in their newsletter sent to the organizations that assist the homeless community.

The plan was distributed and discussed at the Iowa Association of Regional Councils (IARC) October 19, 2012 annual staff retreat. Iowa's Councils of Governments (COGs) provide professional planning, programming, and technical assistance to Iowa's cities, counties, businesses, community organizations and Iowans of all ages. COGs are indigenous organizations formed by counties, cities and towns to serve local governments and their regional citizenry. The Iowa Association of Regional Councils (IARC) is the

statewide professional organization for Iowa's 17 COGs. The Directors took the plans back to their regions to discuss it with their members.

Our exhaustive public comment efforts yielded the following comments:

IFA HOUSING PROGRAM COMMENTS

- IFA should consider reducing requirements they control for the HOME program to avoid having any unspent funds and to make it easier for rural Habitat for Humanity organizations to utilize the program. Affordable homeownership should continue to be a high priority over rental housing. – *Rec'd Nov. 7, 2012 Habitat for Humanity Executive Director*

Response: *IFA continues to partner with nonprofits throughout the state to assist individuals in achieving their dream of homeownership. IFA continues to assist Habitat for Humanity with a dedicated stream of IFA funds solely for purchasing and rehabilitating homes. We provide Habitat funds for downpayment assistance, no construction or rehab at this time. IFA's concern regarding the home ownership component of HOME, centers around the new proposed rules released by HUD that would tightly restrict the price of the home. Also in the past two years IFA has watched several subrecipients struggle to find individuals and homes in a timely manner to meet HUD's requirement that the funds be spent within two years of the contract.*

- IFA should try to achieve 100% or greater of its goal for homes purchased using HOME funds. Using all of its HOME funds would help Habitat and other non-profits complete and rehab more homes. *Rec'd Nov. 7, 2012 – Habitat for Humanity Executive Director*

Response: *IFA has yet to return any unspent HOME funds back to HUD. Please see the above response*

- IFA should consider offering grants and loans to multi-family and single family developers, much like what was offered in 2010-2011. These grants would encourage more upper-story affordable housing. The loan component, because of all the federal requirements, will not be enough to satisfy the goals of the plan. *Rec'd Nov. 7, 2012 – COG Executive Director*

Response: *IFA is open to discussions with applicants regarding loan payments. IFA eliminated the concept of grants for several reasons; one, to have more constant contact with the developers to access their financial standing throughout the compliance period, the loan mechanism also provides IFA with the leverage to help ensure that the project remains in compliance, and lastly with the decreased funding for the HOME program in recent years IFA believes we should take the opportunity to try and reinvest the loan payments.*

- IFA's Rent Subsidy Program is critically important and has been forced to no longer accept applications because of lack of funding. Funding should be restored to at least the pre-2012 funding level of \$700,000. *Rec'd Nov. 7, 2012 – Olmsted Taskforce*

Response: *The Iowa Legislature establishes the appropriation level for the HCBS Rent Subsidy program. IFA utilizes the level of funds that are received.*

IEDA CDBG PROGRAM COMMENTS

- Please consider a path forward to geographically distribute CDBG funds. A more regular expectation of regional fund allocation would lead to better planning and projects and may be a better way to leverage additional local dollars and may meet national objectives at a greater level. *Rec'd Nov. 7, 2012 – COG Executive Director*

Response: *IEDA is currently working with the Iowa Association of Regional Councils to discuss ways to identify and fund priority projects at the regional level. It is expected these discussions will lead to a pilot project being implemented in the future.*

- IEDA should begin shifting resources from sheltered workshops to supported employment. Placing people with disabilities in facilities is outdated. The U.S. Department of Justice is focusing increasing attention on congregate employment services. IEDA should align itself with existing organizations to support facility based employment. We urge you to consult with these organizations to consider shifting CDBG resources from the Community Facilities and Services Set-Aside to your Job Creation and Development Set-Aside, targeting the disabled population for services and support leading to integrated employment. *Rec'd Nov. 7, 2012 Chair – Olmsted Consumer Taskforce*

Response: *IEDA has funded two sheltered workshops over the past three years. Funded facilities do not include a housing component and do offer experience to improve job skills so residents can find off-site employment. The projects IEDA has funded have improved existing facilities through signification rehabilitation of existing structures or assisted existing organizations. IEDA is actively involved with the Olmsted Consumer Taskforce and the CDBG team is represented at meetings. IEDA will seek input directly from the Taskforce before beginning work on Iowa's next Consolidated Plan, which outlines funding priorities and goals for the next five years.*

- IEDA and IFA is encouraged to consider such things as offering tax credits for property owners who create and enforce policies to keep multi-family housing complexes smoke-free, to take a more committed stance to smoke-free opportunities, and add stricter non-smoking measures to the Green Development Plan and Checklist.

Response: *IEDA and IFA plans to consult with the Division of Tobacco Use Prevention and Control to determine if there are any synergies between HUD funded programs and smoke-free building initiatives.*

Resources

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 2012 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 2013:

Federal Housing Resources

Community Development Block Grant (CDBG) Program: The State reserves 25 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.

HOME Investment Partnerships Program: Administration of the HOME program was transferred to the IFA on July 1, 2010. Eligible uses of HOME funds include transitional housing, 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.

Emergency Solutions Grant (ESG) Program: IFA is contracted to administer the State's annual ESG allocation from HUD. It 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 served clients that qualified as homeless or at-risk for homelessness as defined by federal definitions at 24 CFR Parts 91 and 576. To transition to the changes in the federal ESG program as HUD implemented the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, IFA ran an additional competition in 2012 for HUD's second allocation of FY2011 ESG funds focused on Homelessness Prevention and/or Rapid Rehousing activities. The competition concluded in August 2012, and included both the FY2011 Phase II funds and the remainder of FY2012 funds, both of which will be used to support services during the 2013 calendar year. Also in 2012, IFA continued use of the new online grant application and grant management system for the Emergency Solutions Grant that was first launched in 2011.

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 will administer the funds in partnership with AIDS Service Organizations (ASOs) and housing agencies across the state. Eligible activities include housing information services, resource identification, permanent housing placement, tenant-based rental assistance, short-term rent, mortgage, and utility emergency assistance, and supportive services. An additional allocation is made for data collection and analysis related to the state's Homeless Management Information System (HMIS); this allocation is made to the designated HMIS lead agency for the state, the Iowa Institute for Community Alliances.

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% 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.

Iowa 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) home buyers 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 811 Supportive Housing for Persons with Disabilities; Section 202 Supportive Housing for Elderly and Section 8 rental programs).
- U.S. Department of Agriculture (USDA) Rural Housing Service(RHS) — formerly Farmers Home Administration (FmHA) — 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

FirstHome Plus: Administered by the Iowa Finance Authority, this program helps Iowa families to purchase a home by providing assistance in the form of grants to help pay eligible closing costs, down payment, or necessary repairs. The assistance is for \$2,500. An applicant must be a first-time homebuyer and use the FirstHome program to receive FirstHome Plus assistance.

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 and preservation of affordable 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 creation of new affordable housing units with 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.

Housing Enterprise Zone Tax Credits: The State offers investment tax credits and a refund of sales tax to developers of qualifying single-family and multi-family housing located in the state's Enterprise Zones.

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 property rehabilitation tax credit is granted against the income tax imposed for the rehabilitation of eligible property located in the state. The tax credit is 25% of the qualified rehabilitation costs made to the eligible property.

Eligible property for which a taxpayer may receive the property rehabilitation tax credit includes all 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 program can also be used for rehabilitation of non-restricted projects and workforce housing. The loans can be used for construction, permanent financing or both.

Shelter Assistance Fund: This grant program provides funds 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. Applicants are providers of homeless services in Iowa.

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.

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 programs to receive assistance under the Homes for Iowans Plus assistance.

Community Development Resources

The State expects the following resources to be available to implement non-housing community development strategies in 2013:

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 — twenty (20) 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.

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 fund according to the potential for water quality enhancement. The loans are provided to local governments or public utilities at 1.75% for 20 year loans 2.75% for 30 year loans.

Planning and Design Loans: Through the SRF, loans for the planning and engineering costs are available at 0% interest for up to 3 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 incremental tax revenues then repay the bond.

Councils of Governments Assistance: IEDA administers this program, through which the State supports area councils of governments and regional planning agencies. 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.

Preservation Revolving Loan Fund: This IFA program is designed to preserve and revitalize existing RD 515 projects with additional resources from the LIHTC and HOME programs. The loans can be used for construction, permanent financing, or both.

Leveraging Federal Resources

The State makes every effort to leverage HOME, 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 leveraging by local and private funds through local effort requirements built into the state's funding strategy.

Iowa's Priority Housing and Community Development Needs

Housing:

- Elderly: 1 and 2 member low-and moderate-income renter households – affordability, physical accessibility, increasing the number of available units.
- Small (2 -4 person) related low-and moderate-income renter households - affordability, geographic distribution, stemming the loss of existing rental units.
- Large (5 or more) related low-and moderate-income renter households – affordability, target minority and recent immigrant populations, lead-based paint removal
- Other low-and moderate renters – affordability, availability, geographic distribution
- Existing related low-and moderate-income homeowners – maintenance issues addressed with energy efficient strategies considered, target minority and elderly populations,
- First time related low-and moderate-income homebuyers – down payment assistance, homebuyer education, and credit counseling,
- homeless population – emergency shelters, transitional housing, permanent supportive housing, and rental assistance
- Special need population – accessible housing, transportation, with special consideration to needs of the developmentally disabled and youths aging out of foster care.

Community needs:

- Infrastructure – water, sewer, and storm water
- Public services – day care, sheltered workshops, medical support systems
- Services to empower families
- Workforce development
- Welfare to work
- Head start
- Anti-poverty

Priority Homeless Needs	Priority Need Level (High, Medium, Low, No Such Need)		
	Families	Individuals	Persons with Special Needs
Assessment/ Outreach	H	H	H
Emergency Shelter	H	M	H
Transitional Housing	M	M	M
Permanent Supportive Housing	M	M	H
Permanent Housing	H	H	H

Priority Housing Needs (Households)		Priority Need Level (High, Medium, Low, No Such Need)			
Renter	Small Related	Cost Burden 30-50%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
	Large Related	Cost Burden 30-50%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
	Elderly	Cost Burden 30-50%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
	All Other	Cost Burden 30-50%	H	H	H
		Cost Burden > 50%	H	H	H
		Substandard	H	H	H
		Overcrowded	H	H	H
Owner	Cost Burden 30-50%	H	H	H	
	Cost Burden > 50%	H	H	H	
	Substandard	H	H	H	
	Overcrowded	H	H	H	

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. Communities competitively apply for funding. The types of community facilities projects that have been funded include public utilities, public services, day care centers, medical support systems, senior centers, homeless shelters, public facilities, handicap centers and stormwater management projects. A comprehensive study of what communities would identify as non-housing community development needs has not been done, but would be very helpful to IEDA in identifying new allowable uses for community development funds. Needs expressed through the application process do not identify needs that the applicant may not feel are eligible for funding or which IEDA may not have funded in the past.

Needs as Expressed in CDBG Applications

IEDA administers the HUD-funded Community Development Block Grant program for all Iowa counties and all but the largest ten cities. The metropolitan Entitlement Cities receive their CDBG funds directly from HUD. A variety of community development projects are eligible under the CDBG program, generally in the categories of housing, public infrastructure (water and sanitary sewer), public facilities and services, and economic development.

Almost all CDBG-funded projects must benefit Low and Moderate-Income persons. The practical application of this requirement means that more than half of those persons benefitting from the project must come 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 new economic development projects at least half of the new jobs resulting from the project are made available to, or held by, persons whose income is less than 80% of the MFI for the area in which they reside.

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, but since it is a rating factor, it has become standard practice for communities to match their local efforts to CDBG funds in a ratio of one-to-one or one-to-two. Local government capacity is constrained by lack of full-time, experienced planning staff, although this lack of full-time capacity is often backfilled by the Regional Councils of Government, Iowa State University Extension (ISUE), the United States Department of Agriculture Resource Conservation and Development (RC&D) offices and private planning and design consultants who serve as resources for communities.

Communities often cite a lack of initiative as a reason for not participating in the CDBG program. The State uses application workshops, press releases, onsite visits, and various partners to reach communities that may benefit or who are facing an imminent threat or need.

Annual Objectives and Outcome Measures

This section of the Annual Action Plan discusses the activities the state is likely to fund in 2013.

The table (2C) 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 2010 – 2014. The numbers achieved will be dependent upon the number of applications received for the various types of activities. Many of these numeric indicators can be cross referenced with table 3B on page 18 that describes the affordable housing goals section of the Action Plan.

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. The chart will be filled with numbers and percentage completed based upon the State's Consolidated Annual Performance and Evaluation Report due each March to HUD. For this year, outcomes from 2011 have been included.

Table 2C Summary of Specific Objectives

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

Table 2C Summary of Specific Objectives

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

Table 2C Summary of Specific Objectives

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

Table 2C Summary of Specific Objectives

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

Affordable Housing Goals

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.

ANNUAL HOUSING COMPLETION GOALS –USING A MODIFIED OPTIONAL STATE
TABLE 3B

	Expected Annual Number of Units To Be Completed	Resources used during the period			
		CDBG	HOME	ESG	HOPWA
ANNUAL AFFORDABLE RENTAL HOUSING GOALS (SEC. 215)					
Acquisition of existing units	15		X		
Production of new units	120		X		
Rehabilitation of existing units	100		X		
Rental Assistance	30		X		
Total Sec. 215 Affordable Rental	265		X		
ANNUAL AFFORDABLE OWNER HOUSING GOALS (SEC. 215)					
Acquisition of existing units	0		X		
Production of new units	0		X		
Rehabilitation of existing units	235	X			
Homebuyer Assistance	110		X		
Total Sec. 215 Affordable Owner	345	X	X		
ANNUAL AFFORDABLE HOUSING GOALS (SEC. 215)					
Acquisition of existing units	15		X		
Production of new units	120		X		
Rehabilitation of existing units	335	X	X		
Homebuyer Assistance	110		X		
Total Sec. 215 Affordable Housing	580	X	X		
ANNUAL AFFORDABLE HOUSING GOALS (SEC.215)					
Homeless households	888			X	X
...Special needs households	80		X	X	X

Activities

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 LIHTC program and 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. The IFA board has updated the State HOME rules to accommodate the changes made in the 2012 HUD Appropriations Act. The rules are scheduled to become effective in December 2012, prior to the 2013 allocation round.

Priority needs were identified at the start of this activities section. The State has allocated its HOME allocation to meet those priorities. A comparison between the needs identified and the proposed goals are outlined below:

Housing:

- Objective 1: Elderly renter households – affordability, physical accessibility, increasing the number of available units
- Objective 2: Small low and moderate income renter households – affordability, geographic distribution, stemming the loss of existing rental units
- Objective 3: Large low and moderate income renter households – affordability, lead-based paint removal
- Objective 4: First time low and moderate income homeowners – down payment assistance, homebuyer education
- Objective 5: Homeless population – permanent supportive housing, and rental assistance
- Objective 6: Special needs population – accessible housing

Housing Goals:

- Objective 1, 2 & 3 Goal: Provide 300 units of affordable, decent housing through assistance for rental units.
- Objective 4 Goal: Provide homeownership assistance for 110 first-time homebuyer households.
- Objective 5 Goal: Provide 888 homeless persons access to shelter or transitional housing.

- Objective 5 & 6 Goal: Provide rental assistance to 30 low income and extremely low income households.

In addition to the stated goals, the IFA has commissioned RDG Planning & Design to perform a comprehensive housing study to better understand the current and future housing needs of Iowans. The study includes 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 that current IFA programs may be able to address. The information obtained through public input will be combined with the data collected about Iowa's current housing stock and population needs to form possible actions that the IFA may take to best serve Iowans moving forward. IFA hopes to incorporate the findings from the study into all of the programs that are appropriate. Results of the study are expected at the end of calendar year 2012.

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 and to provide support for the direct administrative costs of successful applicants that are subrecipient organizations.

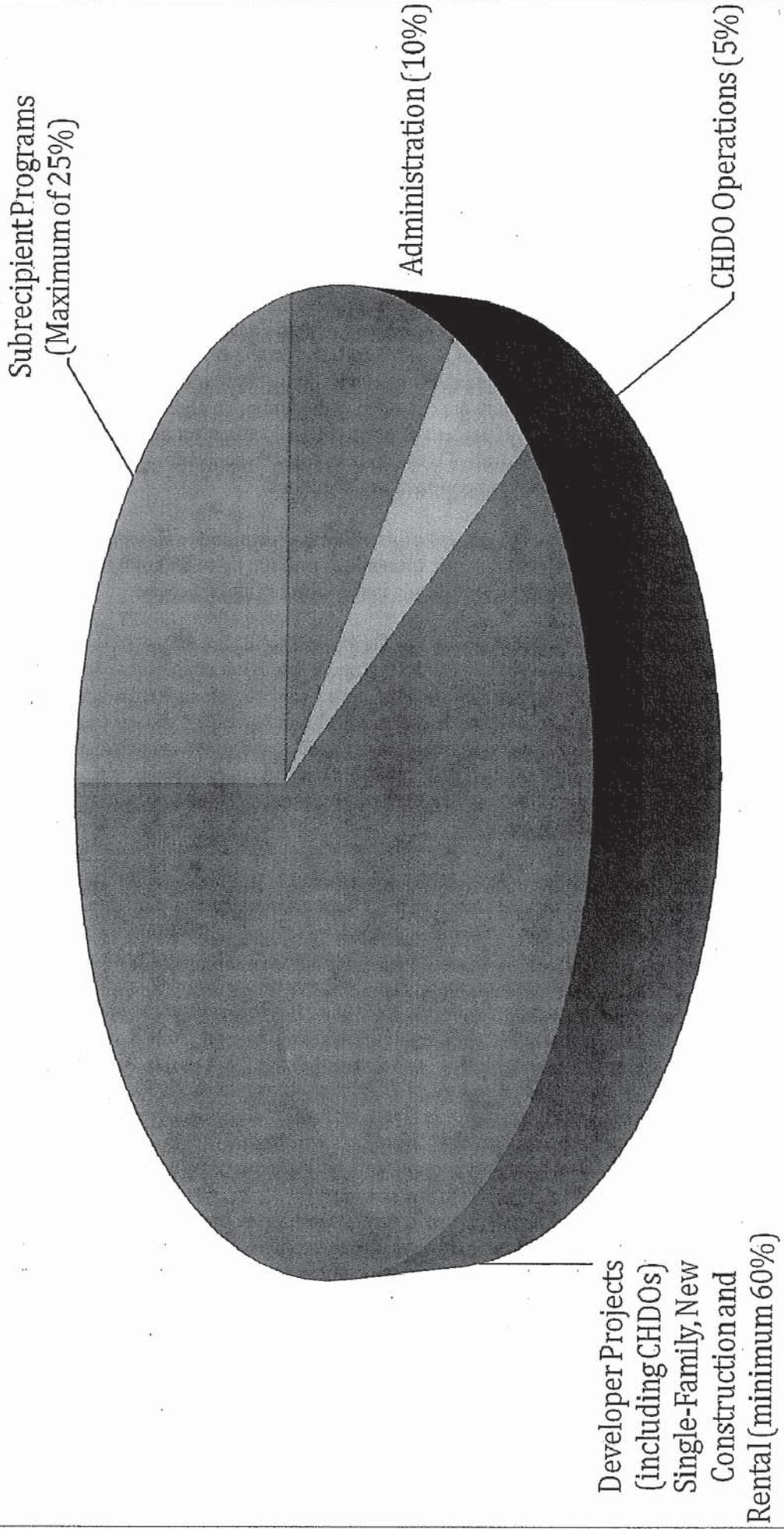
IFA will reserve up to five (5) percent of its HOME allocation for Community Housing Development Organization (CHDO) operations. IFA intends to provide up to \$50,000 in operations funding to CHDOs that receive an allocation of HOME funds in the current funding round.

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. Up to twenty-five (25) percent of the funds can be used by subrecipients to manage tenant based rental assistance (TBRA) and homebuyer assistance programs. At least sixty (60) percent of the HOME funds will be set aside for developers of single family homes and rental properties in the form of loans. At least fifteen (15) percent of the total HOME funds are used to support projects from CHDOs. CHDOs will be allowed to submit a plan for use of HOME project proceeds, and that plan will be reviewed and approved by IFA prior to implementation.

Applications for rental housing activities proposed to be jointly funded through the HOME program and the Low-Income Housing Tax Credit (LIHTC) program will file a joint application. Applications are reviewed and award decisions are made through an annual 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 Guide* are available online making it easier for customers to access. All application materials are available on the IFA website. IFA is in the process of developing a new web-based HOME management system that will eventually incorporate online draw requests and submission of all reports and documents. Applications for rental projects with LIHTC will be due to IFA on December 10, 2012. Training for rental applicants will take place in mid-October, 2012. Applications for TBRA and homebuyer projects will be due to IFA on or about January 14, 2013. Training for TBRA and homebuyer applicants will take place on or about December 11, 2012.

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 in an effort to create a larger pool of available HOME funds and program income to support affordable housing efforts in Iowa.

IOWA HOME PROGRAM (PROPOSED ALLOCATION OF 2013 FUNDS)



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

- homeownership assistance for first-time homebuyers;
- tenant-based rental assistance;
- rental; and
- transitional housing.

The State administrative rules for the HOME program allow IFA to limit the amount of funds that will be awarded for any single activity type. For all single family activities, there is a \$600,000 ceiling per proposal. For all multi-family activities there is a \$1,000,000 ceiling per proposal.

IFA will provide additional outreach and technical assistance in rural areas to increase capacity for participation in housing programs. Building local capacity for housing production is a State priority and IFA has enhanced outreach to existing CHDOs and potential new CHDOs. To achieve equitable geographic distribution, technical assistance may be targeted. IFA has partnered with USDA Rural Development to preserve Section 515 units through a demonstration program. This program reserves LIHTC and below-market loan funds for the sole purpose of preserving affordable rental units in rural areas. When HOME funds are required to make a project feasible, IFA can set-aside a portion of the State's annual HOME allocation to support the Rural Development 515 Preservation Demonstration. Utilizing multiple Federal and State agencies has lengthened the time it takes for these projects to receive approval. IFA anticipates one project under the demonstration program to close by the end of 2012 and up to five others to close in 2013. All of the anticipated projects are located in small rural towns.

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.

Many HOME projects include match to the program. In calendar year 2011, approximately \$831,000 was provided through property tax abatement, tax increment financing, cash, and property donations. The State of Iowa continues to exceed the required match requirement.

Recapture or Resale Provisions (Homeownership Activities)

IFA will invest HOME resources to benefit qualified (first-time low-income) homebuyers through direct acquisition assistance and/or supplemental rehabilitation activities when appropriate to further the state's housing goals. HOME resources can also be used for new construction/sale of single family houses. The recapture will be enforced through conditions in the IFA-recipient contract, implemented through local agreements and monitored for compliance with recorded legal instruments containing the necessary provisions. Recapture requirements will be secured through receding forgivable loans due upon sale or transfer within the period of affordability, reducing the HOME investment amount to be recaptured on a prorata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period (example: 1/5 of the amount of the HOME subsidy to the homeowner will be forgiven for each year of a 5-year affordability period). When the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, the amount recaptured cannot exceed the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. HOME recipients will be encouraged to counsel homebuyers to maximize their ability to maintain the property and pay the mortgage. The Iowa land sales recording and abstracting processes will assist IFA and recipients in ensuring long-term affordability of HOME funded projects.

IFA is concerned about the impact that the proposed rules for HOME may have on our ability to provide financial assistance for homebuyers. If the proposed limitations of the value of a home are adopted, IFA will be unable to provide assistance to homebuyers in the majority of the state because of the 95% area median purchase price requirement. In parts of the state, that purchase price requirement may be in the \$40,000 range, prohibiting any feasible way to provide funds for rehabilitation. The investment in the homebuyer program could be very limited in 2013.

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. IFA will also take into consideration any findings from the Housing Study that point to a change in people's attitudes towards homeownership. IFA has also reached out to several agencies to educate them regarding the HOME TBRA program, in hopes that they will apply in 2013. Our discussions have centered around providing rental assistance to individuals at or below 30% average median income. 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.

The local recipient will be required to execute a memorandum of understanding with the participating

project owner(s) delineating further requirements. Local recipients will be required to consider the tenants' need for rent subsidies, utility deposits and security deposits as part of determining tenant need.

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, the 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);
- low-income housing tax credit equity;
- local tax abatement;
- local tax increment financing;
- state Housing Enterprise Zone benefits;
- 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 Guide* 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 Guide* outlines 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.

IFA also held a session discussing the impact of the Olmstead decision and what it means for affordable housing at the statewide housing conference. It was an opportunity for advocates to discuss the impacts of the decision with developers, investors, project managers and others involved in affordable housing.

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 Guide* addresses the State's Minority/Women Business Enterprise (MBE/WBE) policy. It states 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 Guide* provides 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 designs its CDBG program to do the following:

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

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

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

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

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

and the set aside are outlined below:

Housing:

- Existing low-and moderate-income homeowners – maintenance issues addressed with energy efficient strategies considered: Housing set-aside. Goal for 2013 is to rehabilitate 235 units

Community needs:

- Infrastructure – water and sewer: Water & Sewer Set-aside. Goal for 2013 is to build or improve 25 systems
- Storm Water: Community Facilities & Services Set-aside. Goal for 2013 is to build or improve 2 systems.
- Public services – day care, sheltered workshops, and medical support systems: Community Facilities & Services Set-aside. Goal for 2013 is to assist 8 facilities/250 persons with disabilities
- Workforce development: Job Creation and Development set-aside. Goal for 2013 is to create or retain 800 jobs.

Each year the actual dollar amount of the CDBG allocation from HUD funding changes depending upon the formula used by Congress and the amount of federal dollars allocated to the nationwide CDBG program. Therefore, it is difficult for the State to estimate dollar amounts for each fund within the CDBG program. Instead IEDA designates a percentage of the overall allocation to each fund in order to better illustrate the breakdown of how 2013 dollars will be used.

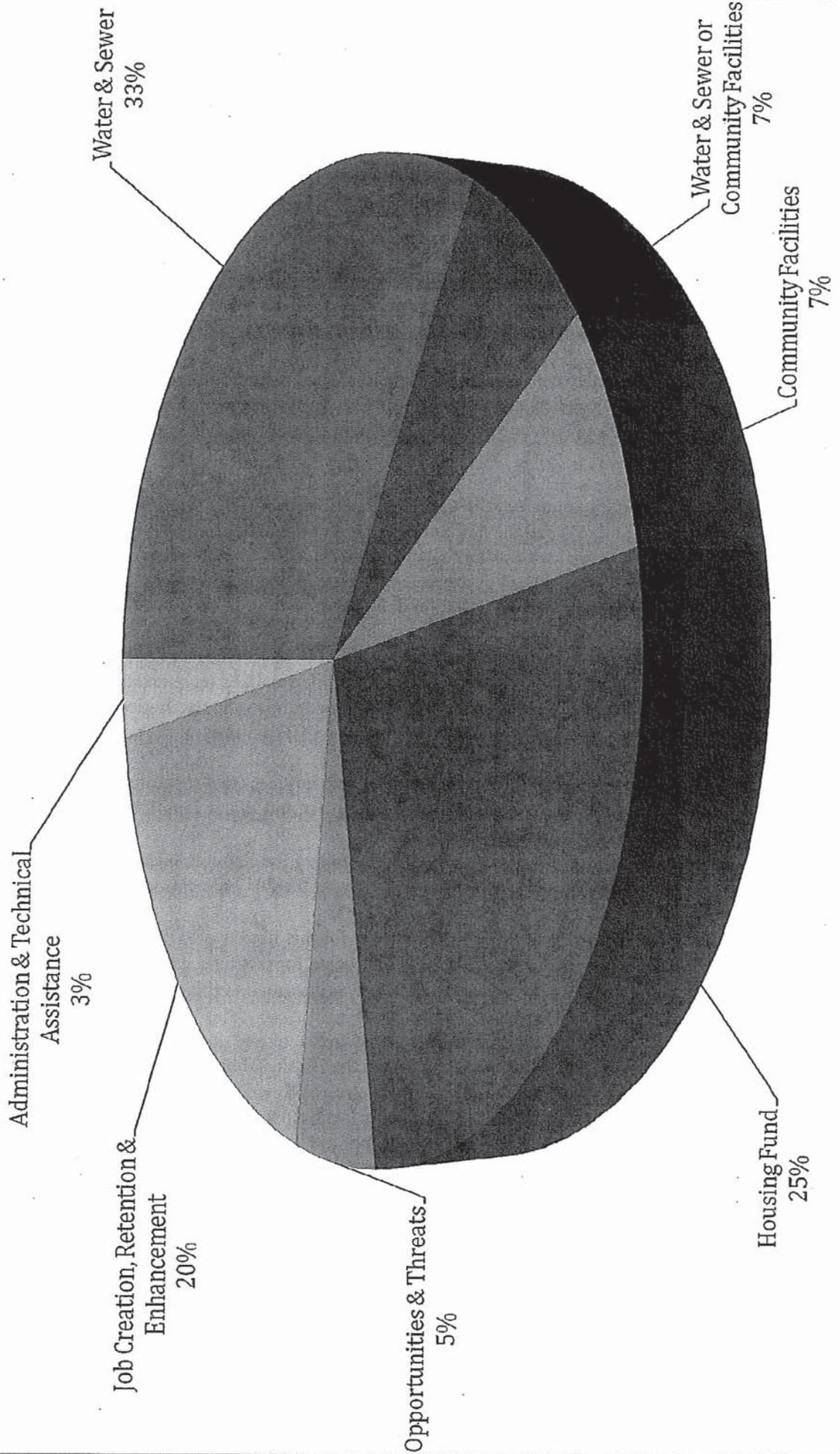
The State will reserve about two (2) percent (plus \$100,000) of its CDBG allocation for administrative costs. IEDA will use one (1) percent of the allocation for specialized technical assistance programming and/or regional planning and development, or additional administrative activities. Last year the State's 2012 allocation for these two funds was \$731,605. Iowa's CDBG program is comprised of the following:

- Annual competitive program for public facilities and services (two separate competitions: the Community Facilities and Services Fund and the Sewer and Water Fund). Last year the State's 2012 allocation for these funds were \$9,795,151;
- Job creation, retention and enhancement fund (including the Economic Development/Public Facilities set-asides (EDSA/PFSA) and Career Link). Last year the 2012 allocation for this fund was \$4,210,702.
- Contingency Fund. Last year the 2012 allocation for this fund was \$1,052,675.
- Housing Fund set-aside. Last year the 2012 allocation for this fund was \$5,263,378.
- Interim financing program. Last year no money was allocated to this part of the program.

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.

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 2013 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 (annual competitive program, EDSA, PFSA, Housing Fund, Opportunities and Threats Contingency Fund and Short-term Interim Financing program). Each of these is discussed below.

Last year IEDA transitioned to an online grant management system called IowaGrants.gov. Three IowaGrants.gov webinars were held on September 14, 2011. Once awards were made in the spring of 2012, extensive, onsite one-on-one training sessions occurred for our grant administrators. IowaGrants.gov will be utilized to manage all aspects of awards (e.g., contract amendments, draw requests, communication, closeout, etc.).

This year one application webinar was held on September 4, 2012 for Housing, Community Facilities and Services, Water and Sewer programs. Over 100 grant administrators, community officials, and private consultants participated in this webinar. The online application tool includes application instructions and instructions for completing specific requirements of the application, such as instructions on how to complete an income survey. All applicants for 2013 CDBG funds for the housing and non-housing competitive programs, and economic development set-aside, public facilities set-aside, and downtown revitalization programs will be required to submit applications using IowaGrants.gov. Additional program information, such as program rules, rating criteria, contact information for other funding sources, and webinar PowerPoint presentations have been available on the IEDA website since the announcement.

Non-housing Competitive Program

About forty-seven (47) 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 two competitions: the Community Facilities and Services Fund and the Water and Sewer Fund. The Community Facilities and Services Fund will represent seven (7) – fourteen (14) percent of the State's CDBG allocation; the Water and Sewer Fund will represent thirty-three (33) – forty (40) percent (precise amounts will be determined at the discretion of the IEDA Director). The split in competitions is designed to allow different types of activities to compete well, resulting in the best possible projects being funded.

Applications will be due for the Water & Sewer fund on November 14, 2012 and applications will be due for the Community Facilities and Services fund on January 16, 2013. Award decisions are expected to be made by March 2013. Eligible activities for the Community Facilities and Services Fund include childcare centers, group homes and employment facilities for persons with disabilities, primary health and mental health facilities, services for the homeless or migrant workers, 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.

All eligible applicants compete with every other city and county eligible for funding. Communities with populations less than 1,000 may receive up to \$300,000, those with populations between 1,000 and 2,500 may receive up to \$500,000, those with populations between 2,500 and 15,000 may receive up to \$600,000, and those with populations greater than 15,000 may receive \$800,000 each year. Communities with populations less than 300 are limited to \$1,000 per capita, as are unincorporated areas of a county proposing direct service projects.

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 = One-half or more of project financed with leveraged (non-CDBG) funds
Medium Score = One-third to one-half of project financed with leveraged funds
Low Score = Less than one-third 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
Medium Score = \$5,000 - 10,000 CDBG dollars per beneficiary
Low Score = Greater 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 proposed activity appropriate for CDBG funding?**
High Score = Clearly furthers most aspects of the CDBG program purpose
Medium Score = Relates to some aspects of the CDBG program purpose
Low Score = Does not appear to further the CDBG program purpose in any meaningful way

- 7) **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
- 8) **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
- 9) **To what degree does the project promote orderly, compact development supported by affordable public infrastructure?**
High Score = Clearly promotes orderly, compact development
Medium Score = Does not create unnecessary sprawl
Low Score = Promotes sprawl
- 10) **Whether the activity meets or exceeds the minimum building and site design criteria established by IEDA to be eligible for funding.**
High Score = 71 – 244 points
Medium Score = 16 – 70 points
Low Score = 2 – 15 points

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 = One-half or more of project financed with leveraged (non-CDBG) funds
Medium Score = One-third to one-half of project financed with leveraged funds
Low Score = Less than one-third 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
Medium Score = \$5,000 - 10,000 CDBG dollars per beneficiary
Low Score = Greater 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 proposed activity appropriate for CDBG funding?**

High Score = Clearly furthers most aspects of the CDBG program purpose

Medium Score = Relates to some aspects of the CDBG program purpose

Low Score = Does not appear to further the CDBG program purpose in any meaningful way

7) **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

8) **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

9) **To what degree does the project promote orderly, compact development supported by affordable public infrastructure?**

High Score = Clearly promotes orderly, compact development

Medium Score = Does not create unnecessary sprawl

Low Score = Promotes sprawl

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.

Housing Competitive Program

Twenty-five 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. Assisted housing shall be single-family housing occupied by homeowners as their 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 green criteria will be followed.

Applications will be due December 12, 2012. Award decisions are expected to be made by March 2013.

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.

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. 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.

1) How well does the applicant explain the program objectives?

High Score = Complete, accurate, concise description with all necessary details, evidence of high degree of community participation in the development of the proposed project

Medium Score = Missing pieces of information which raises some questions, limited community participation

Low Score = Incomplete, inaccurate, confusing or contradictory information, little or no community participation

2) 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

3) Number/percentage of low- and moderate-income homeowners in the community?

High Score = High percentage of LMI population in community, high percentage of homeowners vs. renters, likelihood of greater numbers of eligible applicants for rehabilitation assistance

Medium Score = Mid-range % of LMI population and/or homeowners in the community, reduced likelihood of number of eligible applicants (LMI & homeowners)

Low Score = Very few LMI and/or homeowners, very little likelihood of sufficient numbers of eligible applicants

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

High Score = High degree of need for major rehabilitation of LMI houses to meet minimum housing standards to be addressed with proposed program, significant visual impact provided to the target area neighborhood housing stock

Medium Score = Fewer LMI houses that need major rehabilitation, less visual impact to the target area

Low Score = Low degree of need for major rehabilitation, no visual impact to area

5) 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

6) 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

7) Is the community providing local involvement and financial support?

High Score = above the average contribution of application amount

Medium Score = average contribution of the application amount

Low Score = below the average contribution of the application amount

8) What level of readiness does this community show?

High Score = Public hearings and meetings, have marketed the proposed activity, pre-apps received, documented interest in participation, players lined up

Medium Score = Not quite as ready, potential for success and timely completion but less effort made to line the participants and players up

Low Score = Little or no effort made up-front to ensure success or timeliness

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 twenty (20) percent of its CDBG funds for job creation, retention and enhancement. Activities include Economic Development Set Aside (EDSA), Public Facilities Set Aside (PFSA), and the Career Link programs.

EDSA funds will be used for direct loans and forgivable loans to private enterprise when it can be shown new jobs will be created or jobs will be retained that would otherwise be lost. PFSA funds will be used for infrastructure in direct support of economic development opportunities.

EDSA applications are taken and awards made on a continual basis. Funds are utilized as direct loans and/or forgivable loans to a business. Assistance is provided to leverage private financing in business activities resulting in the creation or retention of jobs principally for low- and moderate-income persons. There is a ceiling of \$1,000,000 per project.

Applications for direct loans and forgivable loans are evaluated on the following criteria and thresholds:

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 they can meet 90% to 100% of the county average wage threshold. For a list of county wages please contact the Department.

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. They can meet this requirement one of three ways: 1) The company pays 80% of the single coverage for medical and dental coverage; 2) The company pays 50% of the family medical and dental coverage; 3) The company provides some level of benefit such as life insurance or other coverage and provides money back to the employee to purchase medical and dental coverage on their own.

Degree to which EDSA funding would be leveraged by private investment: At least 50% of the project must be supported by private investment. The other half of project costs can be made up of local, state, and/or federal funds.

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.

In evaluating applications, IEDA gives supplementary credit to applicants who have executed a Good Neighbor Agreement with the business to be assisted.

The PFSA program finances construction and improvements to public facilities that aid in economic development (i.e., water systems, sanitary and storm sewer systems, streets and rail and airport facilities). There is an award ceiling of \$500,000 per project. Local governments must provide matching funds of at least 50 percent of the CDBG amount requested.

Applications are evaluated on the following criteria:

Impact of the project on the community: Verification that the project will bring a business to the area or aid in the expansion of a business

Number of jobs created or retained per funds requested: Verification that at least one job created or retained for every \$10,000 of CDBG funds must be maintained.

Degree to which PFSA funding would be leveraged by private investment: verification that at least a percentage of funds comes from private investment

Degree of demonstrated need for the assistance: Funding from other sources has been attempted. At least 50% of the funds are provided by the local government.

Projects funded under EDSA and PFSA must meet a number of minimum threshold criteria. At least fifty-one (51) percent of the jobs created or retained must be taken by or first consideration must be given to low- and moderate-income persons. A ratio of at least one job created or retained for every \$10,000 of CDBG funds must be maintained. The average starting wage of jobs to be created or retained under the EDSA Program by a proposed project must meet or exceed the lower of ninety (90) to one hundred (100) percent of the average county wage, or ninety (90) to one hundred (100) percent of the average regional wage. Funding must also be justified as necessary and appropriate.

For both the EDSA and the PFSA programs, any funds remaining at the end of the program year are rolled into another approved program and allocated under the established guidelines of the program receiving the funds. Applications are taken and awards made on a continual basis. A decision for funding will be made within sixty (60) days of receipt of a complete application.

Career Link

Career Link is targeted to Iowa's underemployed population who may benefit from training opportunities to develop sustainable wages. Career Link seeks to bridge the gap between employers' need for skilled workers and the aspirations of low skilled and under employed workers to advance into more skilled positions. Individuals are provided with the training necessary to move up the employment ladder and access jobs in demand by Iowa businesses.

Career Link is designed to serve employers and the targeted employee group. On the employer side, current workforce 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. These limitations restrict the ability of employers to reach workers farther down the employment ladder. Career Link will fill gaps in existing training resources, enabling employers and service providers to link training opportunities with motivated individuals in the targeted population.

In addition to meeting employer and worker needs, Career Link seeks to demonstrate the efficacy of training as an essential component to accomplishing self-sufficiency. The program also emphasizes the IEDA's commitment to a quality-trained workforce as a foundation to economic development efforts. Partnerships between employers and program operators ensure the training matches Iowa's high-wage job opportunities. Funds will not replace existing training resources but will target a currently under-served population. Career Link is designed to fill the gap in existing job-training resources, completing a continuum of training opportunity.

Persons earning up to eighty (80) percent of the area median family income will be eligible to participate in the program. The program will be the payer of last resort, providing assistance only to fill needs unmet by existing resources. Eligible activities include training, childcare and transportation costs. Potential training providers or service delivery mechanisms include community colleges, community action agencies, Job Training Partnership Act contractors, workforce development centers or other regional contractors. Up to five (5) percent of a contract amount will be allowed for administrative costs.

Program funds will be awarded on a competitive basis. The most qualified competitors will be selected based on established evaluation review criteria. IEDA staff members will work with the selected providers to design appropriate program models and negotiate contracts.

Models must be based on documented training needs in the defined service area and must establish partnerships linking potential program participants with business needs and job opportunities. Training provided must be in job occupations paying one hundred (100) percent of the Average County or regional wage, whichever is lower. Participating businesses must provide and pay at least eighty (80) percent of the cost of a standard medical and dental insurance plan (or equivalent) for a single employee or fifty (50) percent of the cost of a standard medical and dental insurance plan (or equivalent) for a family. Only proposals documenting job openings equal or greater to the number of persons to be trained will be considered.

Only cities and counties are eligible applicants (they can apply on behalf of other entities). CDBG entitlement cities are not eligible to apply. A county in which an entitlement city is located may be an eligible applicant for a project that benefits residents and businesses located within an entitlement city. The total project length may not exceed twenty-four (24) months.

Contingency (Opportunities and Threats) Fund

Up to five (5) percent of the State's CDBG allocation is reserved to assist communities that: a) experience an imminent threat to public health, safety or welfare that necessitates corrective action sooner than could be accomplished through the annual competitive program or b) demonstrate sustainable community activities. 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 consider funding a contingency project only if it meets all the criteria from 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

If IEDA determines the community and the proposed activity are eligible for funding, it shall notify the community of its decision to fund the project.

Downtown Revitalization Fund/Sustainable Community Demonstration Fund

To support the sustainability of Iowa's downtowns and communities, IEDA offers the Sustainable Community Demonstration and Downtown Revitalization Funds. These funds are intended to assist communities in demonstrating innovative, cutting edge solutions to making Iowa's communities more environmentally, economically, and culturally viable.

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. Projects are intended to take place on a larger scale and anywhere within the community.

Projects funded through the Downtown Revitalization Fund must have long-lasting benefits for the downtown area that contribute toward a comprehensive downtown revitalization effort. Projects must take place in the downtown of historic commercial center of the community.

Recaptured and reallocated funds, when approved by the Director, may be used to fund downtown revitalization and sustainable community demonstration projects. IEDA will consider funding a **downtown revitalization project** if it meets and addresses the criteria below:

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

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 is the level of community support for a downtown revitalization effort?

High = Strong support documented by all parties involved
Medium = Full support not evident, but discussions among all parties is on-going
Low = Little support shown; all necessary parties have not been contacted and discussions have been minimal.

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

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

IEDA will consider funding a **sustainable community demonstration** project if it meets and addresses the criteria below:

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 or no evidence that the project will be consistent with the sustainability and 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 established by IDEED to be eligible for funding?

High = 71 – 244 Points

Medium = 16 – 70 Points

Low = 2 – 15 Points

Communities can apply to IEDA at any time for the Sustainable Community Demonstration Fund. Applications for the Downtown Revitalization Fund will be accepted in January, 2013. The number of awards for each program is dependent on the amount of reallocated/recaptured funds available in April 2013. Applications, instructions, program rules are available on the IEDA website or through IowaGrants.gov.

Communities can meet the national objective requirements one of two ways; either they can complete a city-wide income survey to meet the low-to-moderate income requirement or they can qualify if they meet the slum and blight criteria. Meeting the slum and blight criteria involves the community designating an area as slum and blight using the criteria established by the state, completing a building inventory, and demonstrating how the project would positively affect the area.

Interim Financing Program

This program provides short-term or interim financing for projects which create or retain employment opportunities, prevent or eliminate blight or accomplish other federal and state community development objectives. Financing may be used for construction or improvement of public works; purchase, construction, rehabilitation of other improvement of land, buildings, facilities, machinery and equipment, fixtures and appurtenances or other projects undertaken by a for-profit or nonprofit organization; or assistance for otherwise eligible projects.

Applications are accepted at any time and are processed, reviewed and considered on a first-come, first-served basis. IEDA makes funding decisions within thirty (30) days of receipt of a complete application and to the extent funds are available. Awards may not exceed \$20 million, and projects must be completed within thirty (30) months of the date of the award. The total of awards in any particular year is not expected to exceed \$25 million.

Selection is based on the following threshold criteria: evidence of local capacity to administer funds; acceptable performance in the administration of prior state and federal grants; feasibility that the project will be completed with funds requested (the applicant must identify other funding sources and the terms of assistance); the ability of the recipient to comply with repayment requirements; an irrevocable letter of credit or equivalent security instrument from an AA-rated lender; and commitment of permanent financing for the project. If an application satisfies all threshold criteria, it is evaluated on the following:

- Do CDBG funds leverage substantial local financial participation?
- Is the ratio of CDBG funds per person benefited reasonable?
- Is the need for CDBG assistance reasonable?
- Does the public benefit substantially exceed the value of assistance (measured by the present value of assistance compared to the projected increase in jobs and wages, or the potential dislocation and loss of economic activity if the project is not funded)?

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. In 2012, IEDA used a portion of its specialized technical assistance funds for the following activities. IEDA will continue to explore and fund specialized technical assistance activities to help build capacity in Iowa communities in 2013.

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

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

A one and a half hour version as well as a seven hour version of a training focused on the benefits and importance of sustainable storm water practices and the need for strong local leadership and supportive local policies was offered to local elected officials, policy makers and decision makers in five different locations across Iowa. An eight hour version focused on the technical engineering aspects to locating, designing, installing and maintaining infiltration-based storm water practices was presented in three locations across Iowa for design professionals.

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

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

Small Communities Downtown Workshop: Approximately 200 individuals from 80 Iowa communities

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

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

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 and then the Housing Fund.

Training of State Staff, Recipients and Administrators

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

In May 2012, the state hosted the HUD regional environmental specialist in Des Moines to offer training for entitlements and CDBG grant administrators to learn more about the HUD NEPA regulations (24 CFR part 58). The week long training was attended by 70 practitioners and included presentations as well as field work.

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

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.

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-
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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)				

Sub-Section	Item	Intended Method of Satisfying Green Criteria	Yes, No or N/A	Points	Champion (name and profession/role)
2-2b	Compact Development (Optional 5 points) (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					

Sub-Section	Item	Intended Method of Satisfying Green Criteria	Yes, No or N/A	Points	Champion (name and profession/role)
4-1	Water Conserving Appliances and Fixtures - New Construction and Gut Rehab (Mandatory)				
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				

Sub-Section	Item	Intended Method of Satisfying Green Criteria	Yes, No or N/A	Points	Champion (name and profession/role)
	(Mandatory)				
6-1b	Construction Waste Management: Additional Diversion (Optional 5 to 15 points)				
6-2	Durable & Low Maintenance Exteriors (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)				

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

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

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 2013 will be shaped by the federal implementation of the new ESG regulations.

The 2012 allocation of ESG funds was split between the 2012 calendar year and the 2013 calendar year, as discussed in the 2012 ESG Action Plan Substantial Amendment. The purpose of this split was to get ahead of the federal ESG cash flow—so rather than granting out funds in advance of receiving them from HUD, often well into the program year, IFA will shift to having the funds before each program year begins. With the significantly greater allocation of FY 2012 funds plus FY 2011 Phase II funds, this year represented a unique opportunity to make this shift while avoiding any sudden reduction in available funding from year to year. IFA ran a simultaneous competition in the summer of 2012 for 2011 ESG Phase II funds and the remaining portion of 2012 ESG funds, where applicants could differentiate which allocation of funds they were applying for.

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.** In 2013, this activity will be available to applicants awarded FY 2011 Phase II funds only. The maximum allowed for administrative costs will be 2.5% of the amount received. In future years, a greater portion of the 7.5% allowed for Administration may be shared with subrecipients; the reason this will be more limited in 2013 is because the program administration allocation will be split between the 2012 and 2013 program years, as described earlier.

ESG funds are available to units of general purpose local government entities (excluding public housing authorities) and private nonprofit organizations in Iowa. The current calendar year funding cycle, first fully adopted in 2011, will continue, with grants beginning on January 1 and ending December 31 each year. For the first time, applicants during this cycle could only submit one application per agency, rather than submitting multiple applications for various projects. Applications for the 2013 calendar year, for both FY 2011 Phase II and the remainder of FY 2012, were received from 55 distinct agencies. Following a period of application review by a scoring panel, awards were made in September 2012. Currently, applicants must address the following:

- the amount of funds requested;
- the need for the funds and other available funding;
- the program design;
- the experience and capacity of the requesting organization;
- the past performance of the requesting organization based on HMIS outcome measures;
- historical records of expenses (a recent audit report is required);
- the amount and source of the required one to one local match;
- the number of persons served – using HMIS data;
- cultural inclusiveness and accessibility;
- identified community need;
- partnerships and collaboration; and
- participation in the Local Homeless Coordinating Board/Continuum of Care process.

Funding decisions are coordinated with other homeless assistance programs within the State. The process attempts to eliminate duplication and maximize utilization of scarce resources to alleviate the effects of homelessness in Iowa. IFA will continue to ensure that assisted shelters remain in service as required by federal rule, and that they meet habitability standards. Currently, applicants must match the grant amount with an equal amount of other resources, which IFA tracks and documents as per matching regulations. IFA is also researching other ways of meeting the required grant-wide match, including the possibility of using the state Shelter Assistance Funds as a partial match for ESG funds.

HOPWA Method of Distribution

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 AIDS Service Organizations (ASO), 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% 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

This section of the Annual Action Plan discusses the geographic areas to which the State will direct assistance during the 2013 program year.

The State's CDBG, HOME, 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.

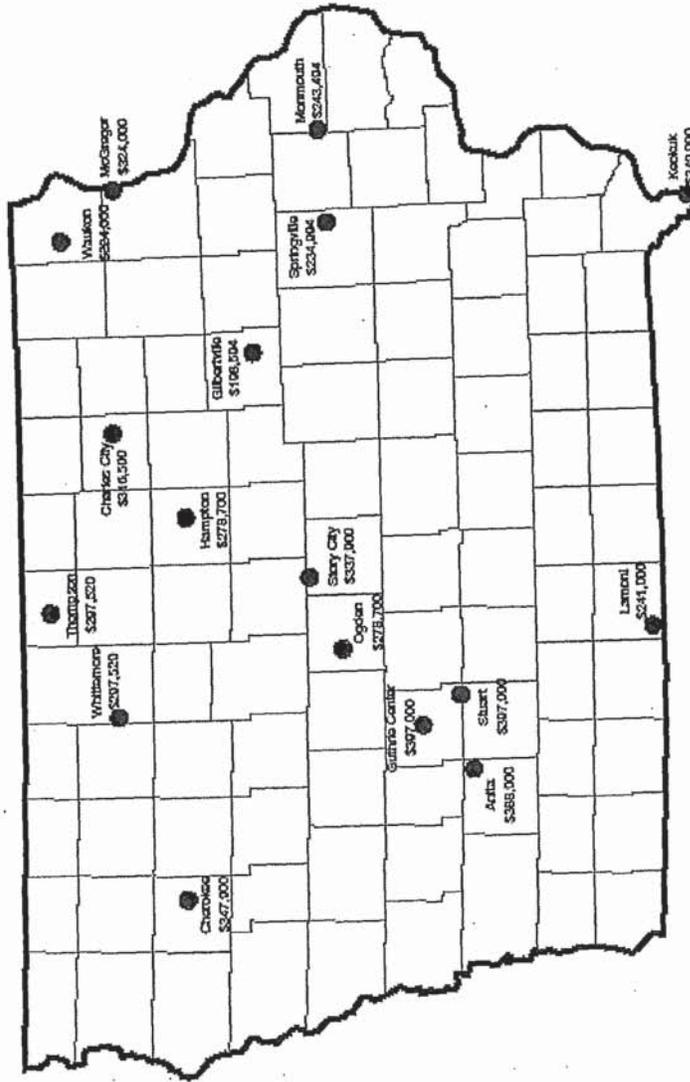
In an effort to distribute awards statewide, the State conducts outreach activities, including regional workshops on programs and contacts with regional groups, such as Councils of Governments and Community Action Agencies. IFA works with a number of housing organizations including Local Housing Trust Funds and CHDOs to insure that there is capacity to distribute funds equitably 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. Each year the State will complete an annual action plan and will visually illustrate funded projects and show their geographic distribution throughout the state. In subsequent years the maps will reflect the number of projects and dollar amounts funded within the State's current consolidated plan (2010 – 2015). To illustrate this distribution the maps on the following pages show the awards made to cities and counties in 2010, 2011, and 2012 program years.*

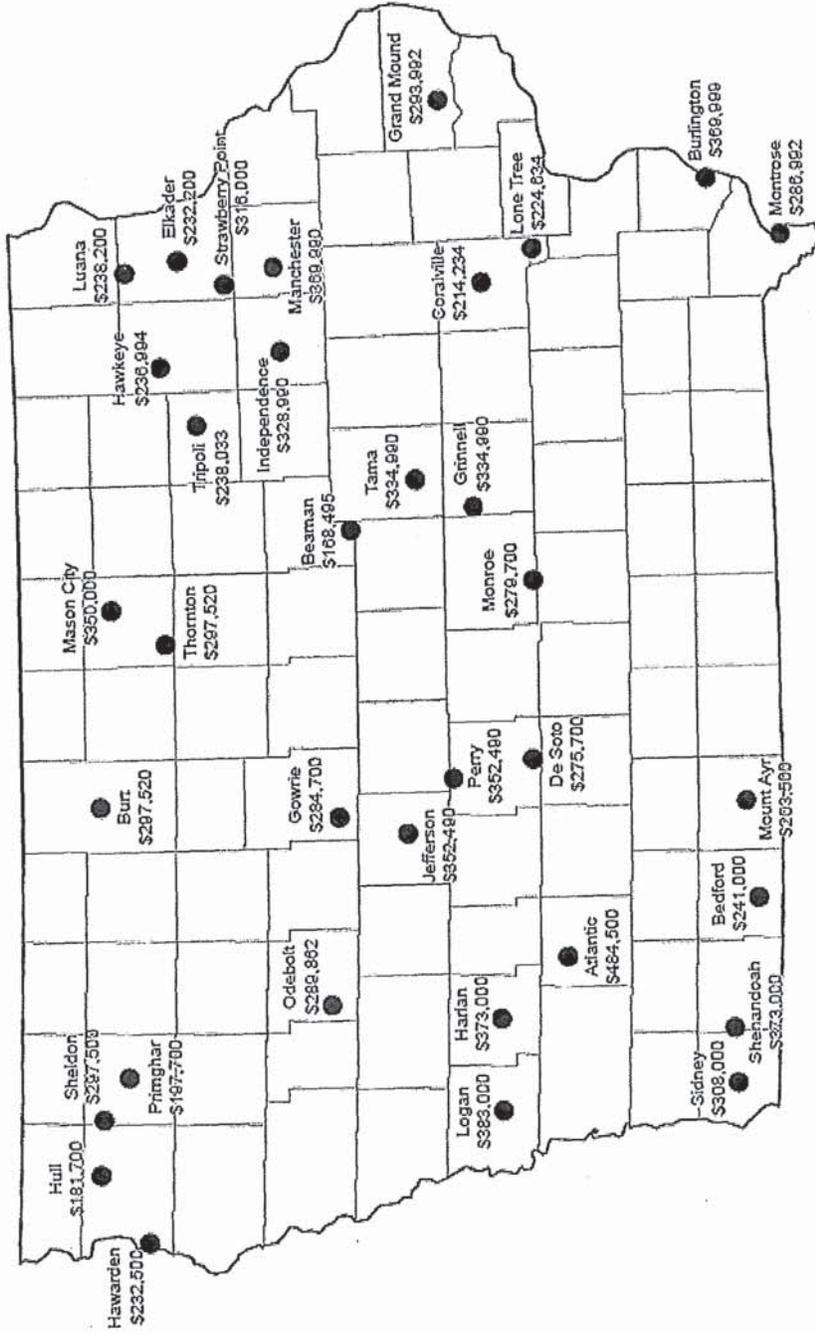
**2012 HOME award map will be submitted once final award decisions are made.*

2012 CDBG HOUSING AWARDS



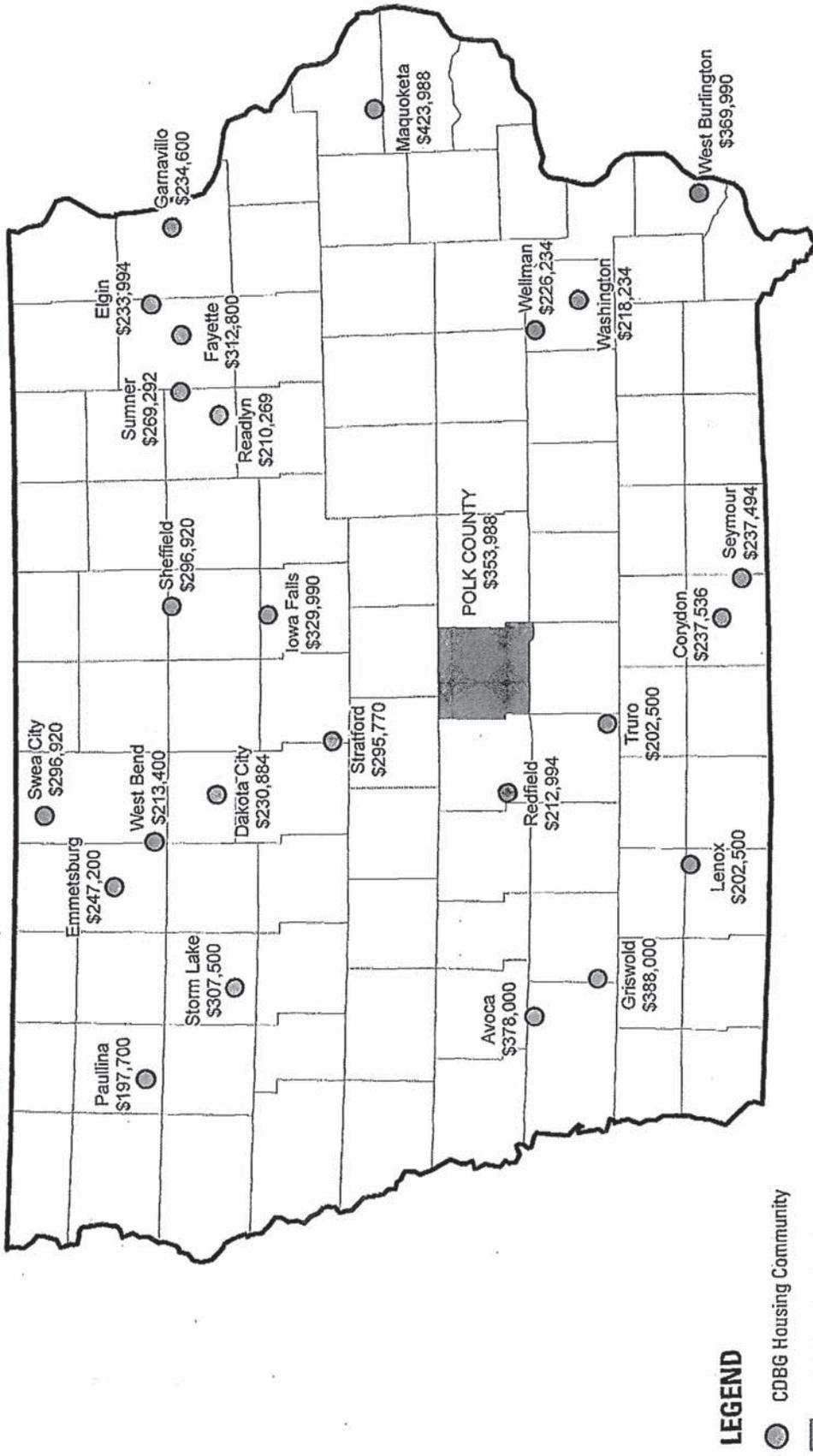
LEGEND
● CDBG Housing Community

2011 CDBG HOUSING AWARDS

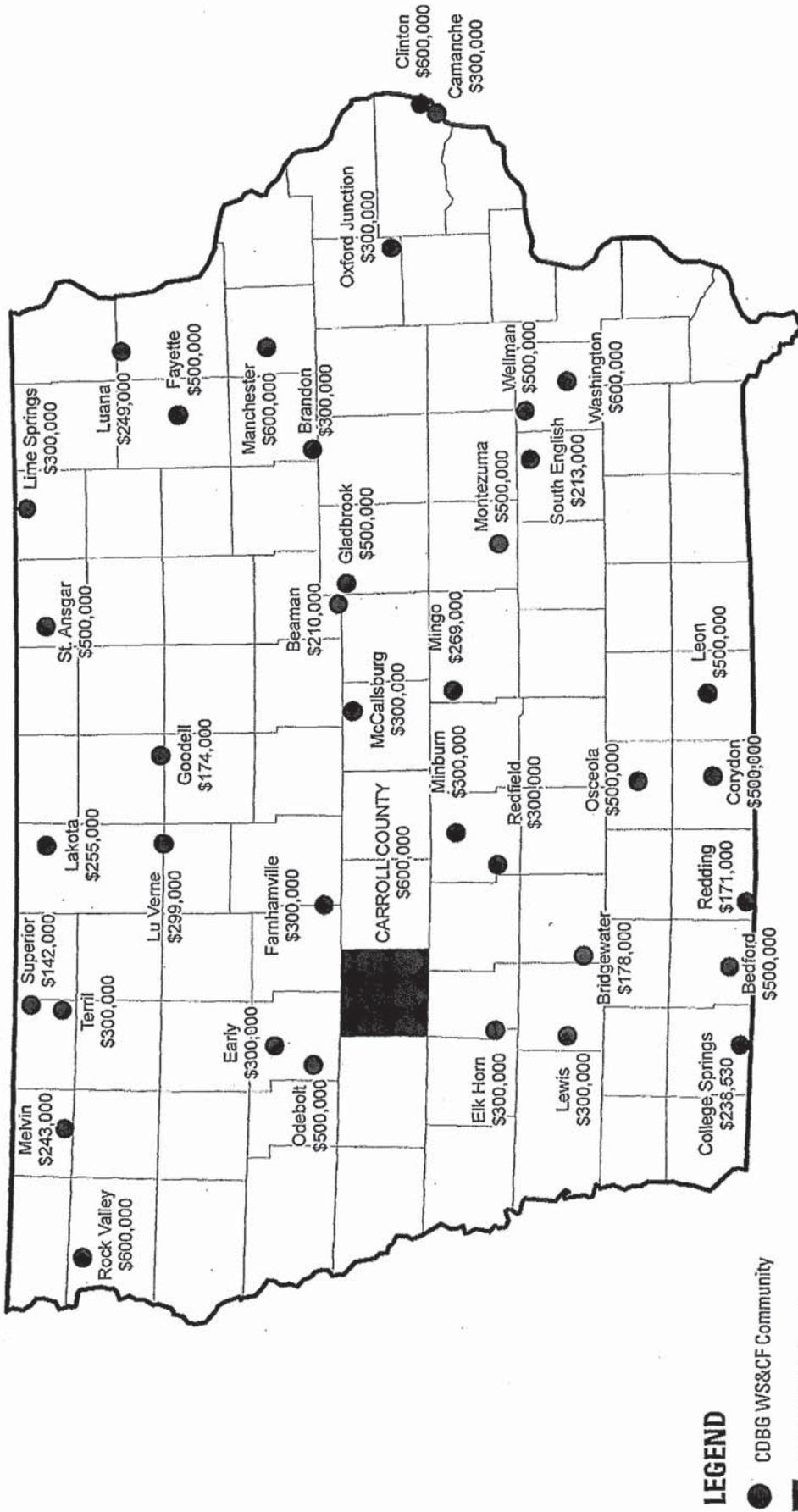


LEGEND
 ● CDBG Housing Community

2010 CDBG HOUSING AWARDS

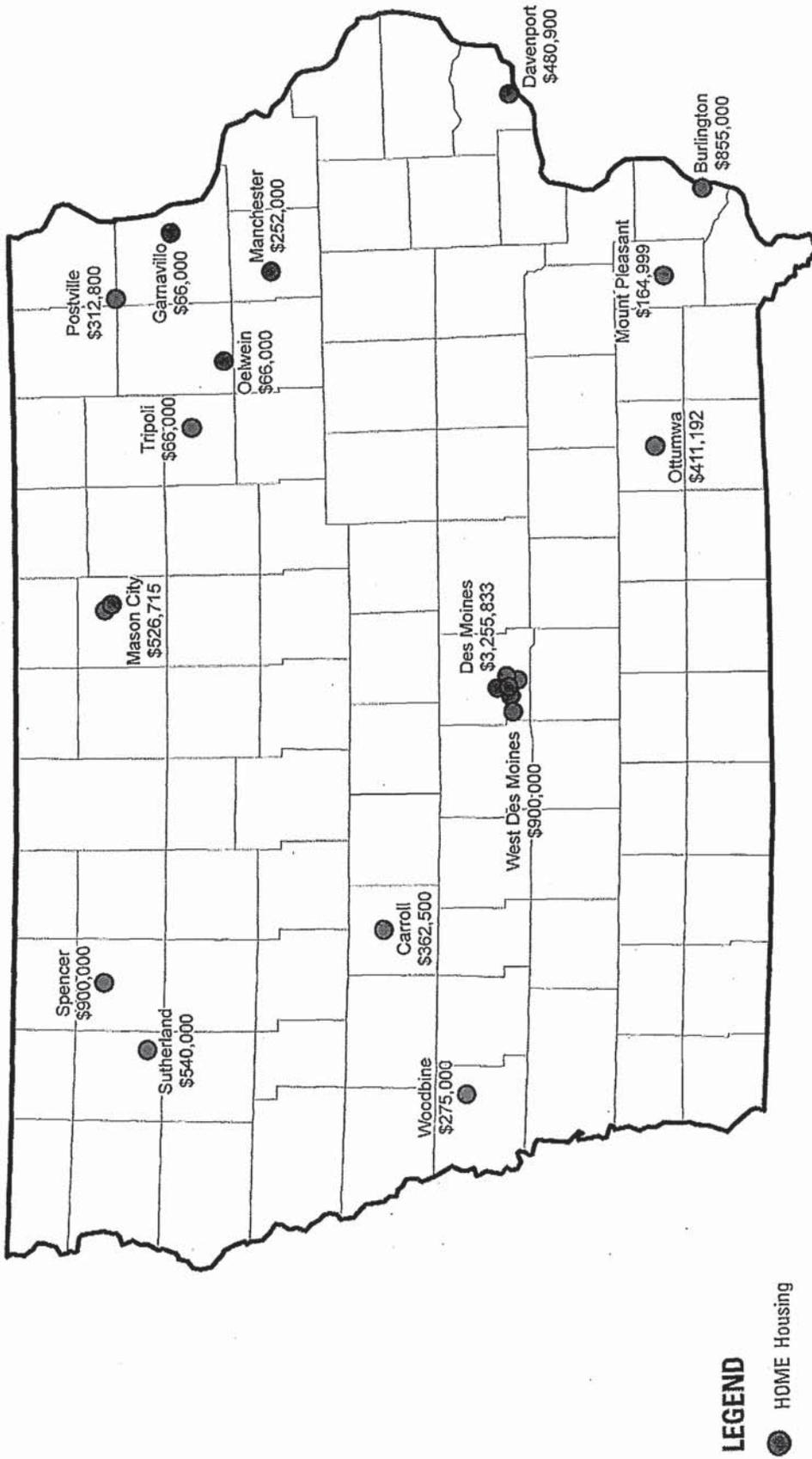


2010 CDBG NON-HOUSING AWARDS

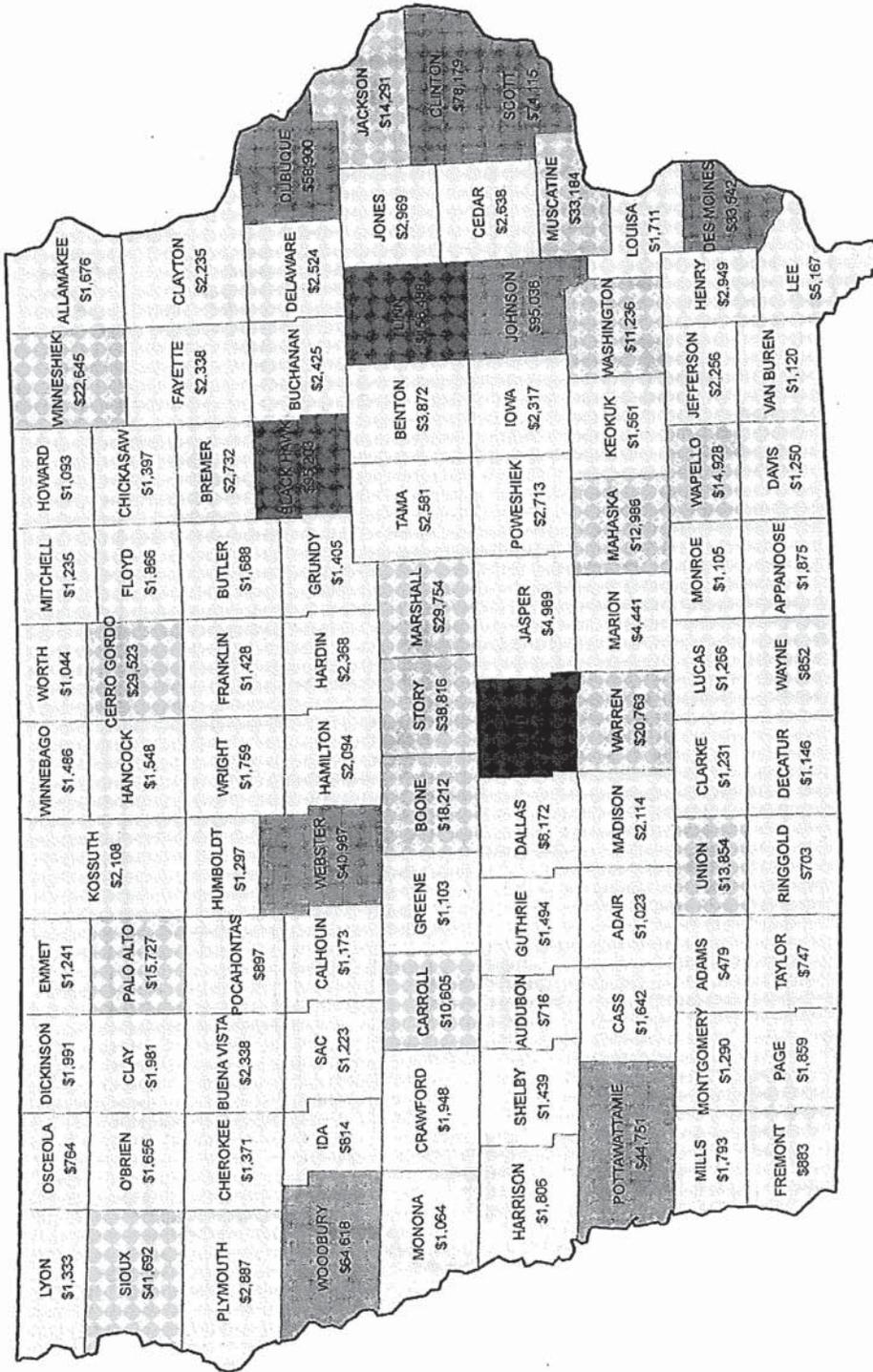


LEGEND
 ● CDBG WS&CF Community
 ■ CDBG WS&CF County

2010 HOME PROGRAM AWARDS



2010 ESG & HOPWA AWARDS



LEGEND

- 0
- 1-2
- 3-5
- 6-8
- 8 and above

Homeless & Special Needs Activities

This section of the Annual Action Plan discusses how the State plans to address homelessness and assist persons with special needs.

Emergency Solutions Grants

The State will coordinate available resources to address the need for emergency shelter, transitional housing, homelessness prevention, and related services needs. The ESG program plays a pivotal role in addressing these needs.

Iowa uses the ESG funds in combination with state funding from the Shelter Assistance Fund, which was known as the Homeless Shelter Operations Grant program in the past. The Shelter Assistance Fund provides funds 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. Applicants are providers of homeless services in Iowa.

Since 2011, IFA has solicited applications at least by early fall and made funding decisions by December.

The difficult economic situation in the country and in Iowa continues has put pressure on homeless resources. Funding for projects that serve homeless individuals and families consistently falls far short of the identified need for such activities. Therefore, the funding sources identified above are available on a competitive basis, with the State offering technical assistance to develop program outlines.

Homelessness Prevention

Homelessness prevention continues to be a high priority for activities funded through ESG, and is increasingly so with 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 homeless 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.

Homelessness prevention was also funded through mid-2012 by the federal Homelessness Prevention and Rapid Re-housing (HPRP) program. The Iowa Balance of State received \$11,866,889 in total for this three-year program, which was authorized by the American Recovery and Reinvestment Act of 2009, and which began providing assistance to Iowans in the fall of 2009. Fifteen Iowa agencies, almost all Community Action Agencies, received funding from the Balance of State to carry out HPRP assistance to individuals or households in need. A final grant was made to the Iowa Institute for Community Alliances for the purposes of statewide data collection and evaluation. Per HUD requirements, Iowa initiated its Balance of State Implementation Plan in April 2010. This plan was developed with assistance from an advisory committee made up of several HPRP subgrantee representatives.

With the HPRP program ending in mid-2012, agencies wound down their programs and focused on learning from the HPRP program and developing capacity for expanding homelessness prevention and rapid rehousing beyond the end of HPRP.

Continuum of Care

Since 1998, Iowa has coordinated the effort to produce a statewide continuum of care when seeking funds for the

Balance of State Application. Local provider agencies and shelters work with state agencies to draft and approve a continuum that includes the entire state (except for the Siouxland Consortia, the City of Des Moines and Polk County, and the Omaha-Council Bluffs metropolitan area). The Iowa Finance Authority is the collaborative applicant on behalf of the Balance of State, acting in support to the Iowa Council on Homelessness, which is the decision-making body for this Continuum.

This planning effort also relies heavily on input from all service providers, including twelve (12) different state agencies, representatives of which serve as members of the Iowa Council on Homelessness. This council also includes five consumer positions that are filled by individuals who are either homeless or formerly homeless, or family members of homeless or formerly homeless individuals. Staff level information sharing and analysis of programming opportunities is conducted as part of the continuum development. Collaboration is facilitated through the council and the Homeless Programs Coordinator, who coordinates state, federal and local programming. Functions include review of federal plans, preparation of priority housing legislative agenda, and oversight and technical assistance to local homeless coordinating boards. The Iowa Council on Homelessness meets six times a year and the council committees meet three or more additional times per year, usually during the months between the all-council meetings.

Developing and overseeing a Balance of State Continuum of Care continues to be a major priority for the council. The Continuum of Care includes steps taken at the State level to move persons from homelessness to permanent housing. One component of the plan includes the use of HOME funds and state resources to help provide transitional housing and affordable permanent housing units for persons moving through the continuum.

The availability of HOME funds is critical for the State and local governments to be able to develop affordable housing for low-income Iowans. 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.

The Iowa Council on Homelessness also contributes to a statewide understanding of the homeless population in Iowa by commissioning an annual report to the governor using HMIS data. Since 2011, this report has been available as an online database searchable by year and by county. The report also studies the causes of homelessness in Iowa, types and amounts of available assistance, number of vacant housing units, location of service providers, and more.

The report uses data provided by the Iowa Institute for Community Alliances, which is the lead HMIS data collection agency for the state and which also coordinates the annual Point in Time (PIT) Count and the Annual Homeless Assessment Report (AHAR).

Chronic Homelessness

According to the *2005 Iowa Statewide Homeless Study*, about seven (7) percent of Iowa's homeless population meets HUD's definition of Chronic Homeless.

In order to better serve the chronic homeless in 2012, the Balance of State Continuum of Care will:

- Increase the number of Permanent Supportive Housing beds for the chronically homeless in the Balance of State;
- Increase the support services specifically targeting chronically homeless persons in certain geographic areas; and
- Increase the support and residential services for chronically homeless persons with chronic substance abuse to help them transition into the community after treatment.

In addition to the programs providing funding for services and shelter operations, the State of Iowa has also recently made a significant investment in improving the physical shelters for homeless and domestic violence victims. The 2009 Iowa Acts, Senate File 376, section 28 created the I-Jobs Public Service Shelter Grant Program. The programs provided \$10 million in grants to be used for construction, renovations, or improvements of homeless shelters, emergency shelters, and family and domestic violence shelters. Seventeen shelters throughout the state received grants resulting in three new shelters; and renovations to 14 shelters to add units, and improved energy efficiency and accessibility. This investment increased Iowa's available shelter beds by 219 units.

Discharge Policy

The Iowa Council on Homelessness finalized a formal discharge policy and submitted it to the Governor in 2005. The proposed policy recommendations address discharge planning for a variety of populations at risk of becoming homeless, including those who are to be released from public-funded prisons, and recommends that each state department be instructed to implement a discharge protocol based on guiding principles that would make every effort to ensure that the discharge does not result in the person becoming homeless. In response to this policy, the Iowa Department of Corrections (DOC) established a new 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 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.

IFA provided LIHTC and IEDA provided HOME funds for a 24-unit permanent supportive housing property called Home to Stay in December 2008. Construction was completed in 2010, and the property is occupied. This affordable housing project serves a variety of household sizes and provides significant supportive services targeting the needs of ex-offenders and their families. Services and programs are provided through a collaboration of social service organizations and community correction agencies. Programs include on-site counseling services; mental health and rehabilitation service; drug and alcohol counseling; assessment, job placement, job retention, and employment skills; family services; child care services; family education services; and transportation services to off-site services and employment.

Non-homeless 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.

Removing barriers to Affordable Housing and Other Actions

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 IDED 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.

The Olmstead Consumer Task Force is a statewide steering committee made up of people with disabilities, family members, advocates, representatives of state agencies, service providers, and other key players that are tasked with identifying barriers to community living opportunities in state rules, policies and procedures.

As part of this effort, state agencies are participating in a statewide collaboration to address the needs of persons with disabilities as defined by the Olmstead decision. The State of Iowa is currently working on a cross-agency collaboration to meet the priority needs identified by the Olmstead Consumer Task Force. The provision of adequate and appropriate housing is a major component of this effort.

Iowa's Olmstead Consumer Task Force has established an effort to focus on ensuring access to housing and educating Iowa's more than 70 local public housing authorities on Olmstead as priorities for 2012 – 2013. Grassroots advocacy is necessary to raise the awareness of local public housing authorities about the Olmstead decision and the important role housing plays in ensuring compliance with the decision. The Olmstead Consumer Task Force members plan to look for opportunities to engage in or support community advocacy on the issue and will continue to collaborate with IFA staff and HUD's regional Public Housing Revitalization Specialist to promote awareness of Olmstead responsibilities among Iowa's local public housing authorities, particularly as related to the administration of the Housing Choice Voucher program. A number of developmentally disabled have been moved to a community setting.

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 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/fin/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.

However, less traditional barriers to affordable housing have been identified. For example, there appears to be a negative attitude toward and misunderstanding of affordable housing in parts of the State.

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.

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, when ingested, or lead dust, when ingested or inhaled, 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 7 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 requires 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
- Combining sources of funding for all programs so needs can be met at a single point of contact

Welfare Reform: Iowa is changing its welfare programs from an income maintenance orientation toward a self-sufficiency direction. FIP replaced Aid to Families with Dependent Children. Principles of reform include transition to work, family stability and responsibility. The goals include removing disincentives for self-sufficiency built into the current public assistance system and developing new ways to provide basic support to families in need.

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 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, the Department of Transportation, the Department of Human Services, Iowa Homeland Security Emergency Management Division, USDA – Rural Development, and the 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) meets monthly to discuss current and pending projects, joint application forms, 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.

In addition to the above collaborations, IFA and IEDA management teams meet monthly to discuss areas where collaboration is appropriate.

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 2013. 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 emphasize available resources to meet housing and non-housing needs. Every year we have an opportunity to review our progress and change our programs to better assist individuals in Iowa.

There is also a formal monitoring component to funded projects. The purpose of formal monitoring is to provide technical assistance, determine the status of grant funded activities, review the recipient's grant management system, and evaluate compliance with state and federal rules and regulations.

CDBG Program

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

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. The Housing program also receives quarterly performance reports. These are reviewed on an on-going basis for recipient compliance.

CDBG On-Site Monitoring

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

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

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

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

On site monitoring shall be conducted as needed at the Program Manager's discretion prior to reaching the above

thresholds. Examples of when monitoring may need to be conducted outside of standard policy include, but is not limited to, working with a new grant administrator, projects that are expected to be completed expeditiously, recipient had areas of non-compliance while working on previous grant award, or areas of concern arise as part of the off-site monitoring activities.

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 shall be invited, along with the grant administrator.

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

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

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

CDBG Monitoring Follow-Up

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

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

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% – better than the national average of 99.28%, as of June 2012.

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 performs a physical inspection of the site 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:

- Foundations: 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; and
5. Release of liens by suppliers, all subcontractors, and the general contractor.
6. No final payment should be made until all documents are received and lien releases are verified.

Site Monitoring

The project manager will perform at least one site monitoring visit after construction is completed and during initial rent-up. 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.

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.

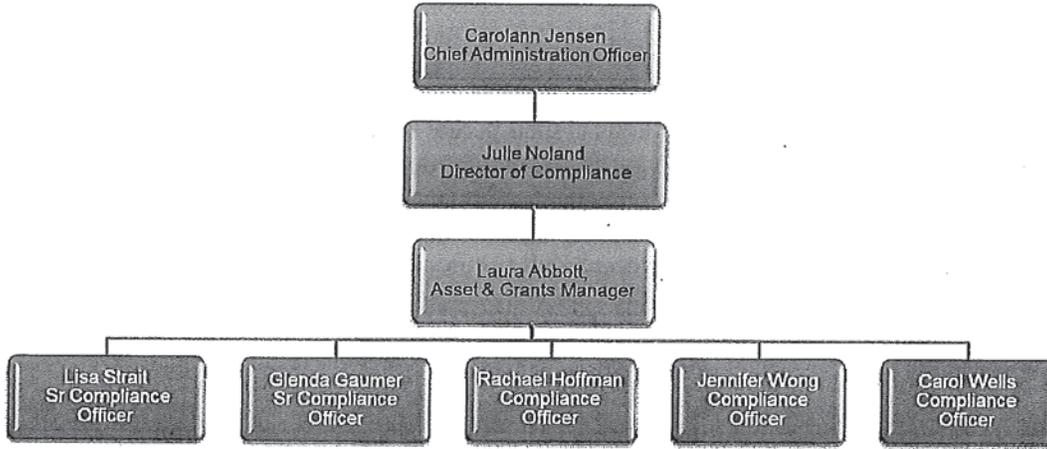
IFA's compliance team is responsible for monitoring HOME projects in their affordability period which were funded by IFA and also by the previous PJ, IEDA. Currently, monitoring activities include reviewing the annual certification documents received from owners, conducting file audits and performing 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.

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



Division of Monitoring Responsibilities by Compliance Officer 2012-2014



Breakdown of Projects to Be Inspected By Year

In 2012 –231 LIHTC & HOME projects to be monitored

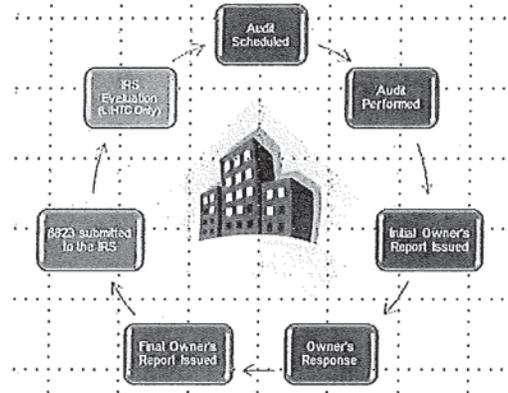
- 149 have been scheduled or are completed (including 100 HOME projects)
- 82 to be scheduled (including 80 HOME projects)
- = 1,732 units to be inspected in 2012
 - 131 inspections have been completed as of 10/10/2012

In 2013 – 203 projects to be monitored

- 146 HOME Projects to be inspected in 2013
- 1,615 units to be inspected

In 2014 – 330 projects to be monitored

- 181 HOME projects to be inspected in 2014
- 2,290 units to be inspected



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% 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% 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% 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% 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.

Yearly Reporting Requirements (HOME & LIHTC)

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% of LI units.
- No annual re-certification of LIHTC tenants after year 15 for either 100% 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

IFA and IEDA are partnering with the Iowa Workforce Development in a demonstration program through a regional employment office to identify and register construction employees who have been laid off as Section 3 employees. IFA hosted a webinar on Section 3 compliance for developers and building contractors in 2011. Section 3 compliance language is in all HOME and CDBG contracts and Section 3 requirements are included in grantee Management Guides for both programs. IFA has also created enrollment forms and established a Section 3 webpage for Section 3 eligible businesses and employees to seek certification. Once established, this resource will help both CDBG and HOME recipients better identify Section 3 employees in their project area.

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. This is done to insure recipients are meeting federal Davis Bacon requirements.