



**Iowa Finance Authority State Housing Trust Fund  
Allocation Plan for the Local Housing Trust Fund Program**

**Dated June 2009**

**SECTION 1. INTRODUCTION, PURPOSE, AND DEFINITIONS**

**1.1 State Housing Trust Fund.** In accordance with Iowa Code section 16.181, a housing trust fund (Fund or SHTF) is held within the Iowa Finance Authority (IFA). The moneys in the Fund are to be used for the development and preservation of affordable housing for low-income households (Eligible Recipients) in the state. The two programs operated under the Fund are the Local Housing Trust Fund (LHTF) Program and the Project-Based Housing Program.

**1.2 Adoption of a Trust Fund Allocation Plan.** IFA has adopted this allocation plan (Plan) for the LHTF Program. The purpose of the Plan is to set forth the criteria that IFA will use in making awards of moneys held in the Fund. A separate allocation plan will be adopted for the Project-Based Housing Program.

**1.3 Documents Incorporated by Reference.** Iowa Code section 16.181 is incorporated by reference in the Plan. The Plan will be deposited in the Iowa State Law Library. Statutory references are also available in the Iowa State Law Library.

**1.4 State Housing Trust Fund Advisory Board.** The IFA Board of Directors (Board) will appoint members to a State Housing Trust Fund (SHTF) Advisory Board, such board to be made up of representatives from the housing industry. This board will meet as necessary to advise IFA on the Plan.

**1.5 Amount Available.** Prior to the application deadline, the Authority will post on its web site at [www.IowaFinanceAuthority.gov](http://www.IowaFinanceAuthority.gov) the Available Moneys for such round.

**1.5.1** At least sixty percent (60%) of Available Moneys in the Fund shall be allocated to the LHTF Program. An award from the LHTF Program shall not exceed ten percent (10%) of the balance of assets held in the LHTF Program at the beginning of the applicable fiscal year plus ten percent (10%) of any deposits made during the applicable fiscal year.

**1.5.2** Available Moneys remaining in the Fund after the allocation to the LHTF Program specified under Section 1.5.1 shall be allocated to the Project-Based Housing Program.

**1.5.3** Unencumbered and unobligated moneys remaining in the Fund at the close of each fiscal year shall remain available for expenditure for Fund purposes in the succeeding fiscal year.

**1.5.4** Substantial prepayment of SHTF assets will be divided with at least 60 percent (60%) of the moneys allocated to the LHTF Program and any remaining Available Moneys allocated to the Project-Based Housing Program and may be made available for low-interest loans to eligible applicants.

**1.6 Definitions.** The following terms shall have the meanings set forth herein unless context clearly requires a different meaning.

Available Moneys: The amount of money determined by IFA to be available for distribution from the Fund in the applicable funding round. IFA will annually calculate and announce the Available Moneys. Available Moneys will consist of the following: (1) interest earned on Fund assets during the prior fiscal year; (2) moneys appropriated to or deposited in the Fund, from any source, for use in a specific funding round; (3) moneys transferred by IFA to the Fund for a specific funding round; (4) awards returned during the prior fiscal year; and (5) other moneys held in the Fund, as determined by IFA.

Board: Iowa Finance Authority Board of Directors

COG: An Iowa council of governments as identified by Iowa Code chapter 28H.

Eligible Recipients: For rental projects, a household with income, adjusted by family size, of not more than 80 percent of the greater of the county or the statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development (HUD). For owner-occupied projects, a household with income, adjusted by family size, of not more than 80 percent of the greater of (1) the MRB income limits as periodically published by IFA or (2) the county or statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development.

Entitlement City: Any of the following Iowa cities: Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Sioux City, Waterloo, and West Des Moines.

Expend: Moneys awarded from the Fund in a prior year that have been spent, paid-out, or specifically committed to be spent on the applicable project/activities.

Extremely Low-Income Eligible Recipients: For rental projects, a household with income, adjusted by family size, of not more than 30 percent of the greater of the county or the statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development (HUD). For owner-occupied projects, a household with income, adjusted by family size, of not more than 30 percent of the greater of (1) the MRB income limits as periodically published by IFA or (2) the county

or statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development.

Fund: State Housing Trust Fund

Housing Assistance Plan (HAP): A comprehensive study of the housing needs of the geographic area the applicant serves or intends to serve.

HUD: U.S. Department of Housing and Urban Development

IFA: Iowa Finance Authority

LHTF: Local Housing Trust Fund

Local Match: Cash contributions and/or the fair market value of donated property or services to a LHTF. To be considered eligible local match, the following conditions must be met: (1) Documentation of contributions already received, an adopted resolution or ordinance, and/or a written letter of commitment from the source providing the contribution to the LHTF must be provided at the time of application (the submitted documentation must provide evidence of the source providing the local match contribution to the LHTF and must specify the type and amount of the contribution, including the specified value of any donated property or services) (2) The LHTF must be the direct recipient of the local match contribution with control over its expenditure and/or use (3) At least ten percent (10%) of the required 25 percent (25%) local match requirement must be provided from local government and/or local private sector contributions (4) No more than 25 percent (25%) of the total proposed local match may be associated with the general administrative expenses of the LHTF, whether the contribution toward administration is provided in the form of cash or an in-kind donation (5) The proposed local match contribution must not have been used to fulfill the local match obligation in any prior application to the Fund.

MRB: Mortgage Revenue Bond

Newly Formed Local Housing Trust Fund (LHTF): A certified and approved LHTF that has not been previously awarded LHTF Program moneys.

SHTF: State Housing Trust Fund

**1.7 Funding Cycle/Application Submittal.** Information regarding the funding cycle, program schedule, award maximums, and application submission process will be posted on the IFA web site.

**1.8 Compliance.** Each entity receiving moneys from the Fund shall be required to submit semi-annual compliance reports. The reporting periods are January 1 through June 30 and July 1 through December 31. The reports must be submitted to IFA no later than 15 calendar days after the end of the reporting period. The reporting format will be

posted on the IFA web site. Previous Fund grantees must be in compliance with all reporting requirements at the time of the current application to be eligible for a new Fund award.

## **1.9 Grant Period and Timely Use of Awarded Funds.**

**1.9.1** The grantee will have two years in which to Expend all moneys received from the Fund in accordance with the grant agreement. Extensions may be requested by the recipient, subject to review by IFA. IFA will consider the capacity of the grantee to complete the project during the extension period in its review of the extension request.

**1.9.2** Grantees must be in compliance with section 1.9.1 above to be eligible for subsequent awards from the Fund. Based upon review and determination at IFA's sole discretion, Grantees with multiple open grant agreements may be subject to the following remedies: (1) LHTF Program funds awarded in a subsequent fiscal year shall not be disbursed until the earliest fiscal year grant agreement has been closed out. If applicable, this remedy shall be implemented, subject to Board approval, as a contingency to the new LHTF Program award.

(2) If the earliest fiscal year grant agreement has not been closed out during a subsequent fiscal year following IFA's determination to apply remedy (1) above, the Grantee may be declared ineligible for funding, subject to Board approval, in the LHTF Program allocation round. IFA shall notify the LHTF of a declaration of ineligibility for future LHTF Program awards prior to the established application submission deadline but by no later than July 1 and may set forth certain conditions that if satisfied would restore the LHTF's eligibility for funding.

## **SECTION 2. Local Housing Trust Fund Program**

**2.1 Performance Goal.** The goal is to provide financial assistance to LHTF applicants.

**2.2 Eligible Applicants.** Eligible applicants are LHTFs that have met the requirements of section 2.3 and have been certified by the Board.

**2.3 Approval of Local Housing Trust Fund.** The Board will approve LHTF applicants for certification. Information necessary to establish satisfaction of these requirements must be submitted to IFA. IFA will notify the LHTF applicant (1) of its approval for certification or (2) as to the reasons for denial. The LHTF's request for certification will be reviewed by IFA prior to IFA's review of the application for funds. IFA will review each application for an award from the Fund independently from the request for certification. A LHTF applicant on IFA's certified list may or may not meet the particular program guidelines for an award from the Fund. IFA will maintain a list of certified LHTFs on its web site.

A LHTF applicant must satisfy all of the requirements listed below in order to be certified as a LHTF, and the following must be submitted to IFA as part of the certification process:

**2.3.1 Organizational Documents:** Such as, Articles of Incorporation, Bylaws, Resolutions, Operating Agreement, Partnership Agreement, IRS 501(c)(3) letter, and a current listing of all members of the LHTF's board of directors, including name, address, beginning and ending dates of term, and, as applicable, whether the board member is a public official and/or affiliated with local government and, if so, in what capacity .

**2.3.2** The mission statement of the LHTF must state that its primary purpose focuses on affordable housing.

**2.3.3** The organizational documents must require regularly scheduled meetings at which minutes are kept.

**2.3.4** The LHTF must hold at least one public hearing a year in order to solicit comments from the public as to their annual plan/budget, updates to the HAP, the application to be submitted to the Fund, the type of project or projects that will be financed, and how such funds should be allocated.

**2.3.5** Meetings must comply with Open Meetings Law and Open Records Act requirements (refer to Iowa Code, Chapters 21 and 22 respectively for more information).

**2.3.6** The LHTF must have a local governing board recognized by the county/counties and/or incorporated city/cities in the geographic area the LHTF serves as the board responsible for coordinating LHTF programs. A resolution and/or ordinance from each county and/or incorporated city that will be participating in the LHTF is required. The applicant must also demonstrate support from other local entities (which may include, but is not necessarily limited to, local government entities, nonprofit organizations, neighborhood organizations, for-profit housing organizations, and/or local service providers) with respect to the proposed LHTF, which must be demonstrated in the form of resolutions and/or letters of support.

**2.3.7** The LHTF must demonstrate that it possesses sufficient administrative capacity in regard to housing programs and the experience necessary to successfully plan and execute the proposed activities in a timely manner.

**2.3.8** The LHTF applicant must have the following in place prior to certification by IFA:

**2.3.8.1** Local governing board comprised of no more than 50 percent of individuals from local government/public officials. Local government/public

officials who are also employed in the private sector will be considered representatives of local government (the public sector) and will not be considered private sector representatives.

**2.3.8.2** Housing Assistance Plan (HAP) approved by IFA. The HAP must, at a minimum, address the following items and should be reviewed by the LHTF at least annually for any updates that may be required:

- The HAP should be in the applicant's own words, and the document should be no more than ten pages. A listing (bibliography) of the data sources from which the information was gathered should be included;
- The HAP must be comprehensive and identify gaps in housing needs;
- Define the entire geographic area the applicant serves;
- Address the need for the proposed activities;
- Address to which activities priority and/or preference will be given;
- Address the sources, groups, and organizations the applicant will be collaborating with in order to fulfill the proposed activities;
- Address the economic, social, health and/or other benefits the defined geographic area can anticipate as a result of the LHTF;
- Address program guidelines, which at a minimum should include:
  - Types of projects or activities in which the fund will invest, such as rental, homeownership, new construction, rehabilitation, and/or first-time homebuyer assistance
  - Types of investments the fund will make (loans or grants)
  - Required terms and conditions of the investment, including types of security, regulatory agreements, and/or periods of affordability
  - Funding limits per unit or per project
  - Income limits and/or targeting goals
  - Developer/owner eligibility requirements
  - Underwriting requirements
  - Borrower or project match/leverage requirements
- Address the fundraising activities conducted over the last year and plans for future fundraising;
- Address the housing needs of Extremely Low-Income Eligible Recipients in the area served and outline the measures the LHTF and other sources, groups, or organizations operating in the LHTF's geographic area will take to serve Extremely Low-Income Eligible Recipients;
- Address the continuum of housing needs in the LHTF's geographic area: (1) homelessness (2) transitional housing (3) rental and (4) homeownership. (information derived from the local or state Consolidated Plan, housing studies, and/or housing assessments may be included in this narrative);
- If applicable to the geographic area served, the HAP also should address the following issues:
  - the housing needs of inner-city neighborhoods
  - areas with stagnant or declining housing markets
  - underserved areas or populations

**2.3.8.3** If the LHTF is part of another organization, the LHTF's board must be separate and distinct from the other organization and make all final funding decisions.

**2.3.9** The LHTF must be an active, vital organization.

**2.3.10** The LHTF must be community-based and should be the distributor of funds to other organizations.

**2.3.11** The LHTF should have a board which is community-based, with members from the private sector (such as nonprofit or service organization staff, bankers, realtors, and others involved in the housing industry or affordable housing advocacy).

**2.3.12** The LHTF board must be a broad-based committee (separate from a local governing body) which makes funding decisions.

**2.3.13** A LHTF requesting initial certification must serve a geographic area encompassing one of the following:

(1) an Entitlement City;

(2) a county or counties in which an Entitlement City is located and the Entitlement City will be a part of the geographic area to be served by the LHTF; or

(3) one or more COG regions as identified by Iowa Code chapter 28H, which may exclude counties within the COG region(s) that are already members of a certified LHTF.

A county that is not part of any Iowa COG region may elect to join an existing LHTF, with the certified LHTF's consent and approval, or a new LHTF requesting certification, provided the selected LHTF serves geographic areas contiguous to the county's boundaries.

**2.4 Local Housing Trust Fund Activity to Maintain Certification.** A certified LHTF shall maintain certification by applying for and receiving an award from the Fund in each available funding round. The Board may, upon recommendation from IFA staff, decertify an inactive LHTF that does not apply for or that does not receive an award from the Fund in the most recent funding round. A decertified LHTF must apply to IFA and meet the criteria for certification specified in section 2.3 in order to regain certification, subject to approval by the Board.

## **SECTION 3. GRANT APPLICATION AND AWARDS**

### **3.1 Grant Program Guidelines.**

**3.1.1** The applicant must submit any changes, updates, or revisions to the LHTF's organizational structure which have been made since the applicant was originally

certified as a LHTF of which IFA has not been previously notified. Such changes, updates, or revisions include, but are not limited to, any changes in board members or their representation as a local government/public official and revisions to the HAP. The applicant must submit a copy of the current HAP with each application to the Fund.

**3.1.2** The applicant must demonstrate sufficient administrative capacity and the experience necessary to successfully plan and execute the proposed activities in a timely manner.

**3.1.3** The applicant must have a Local Match as described in section 3.3 and as defined in section 1.6.

**3.1.4** The applicant must demonstrate support from local entities (which may include, but is not necessarily limited to, local government entities, nonprofit organizations, neighborhood organizations, for-profit housing organizations, and/or local service providers) with respect to the proposed LHTF activities, which may be demonstrated in the form of resolutions and/or letters of support.

**3.1.5** The applicant must demonstrate a need for the proposed activities.

**3.1.6** Applications must promote the development and/or preservation of affordable housing for Eligible Recipients.

**3.1.7** Moneys from the Fund may be used to finance the on-going administration of the LHTF applicant, not to exceed ten percent (10%) of the total award under this Plan. A Newly Formed LHTF may use up to twenty-five percent (25%) of the moneys from the Fund for administration during the first two years of operations. The administrative funds can be used by the LHTF at any time during the grant agreement period.

**3.1.8** Applicants must define the geographic area the LHTF will serve.

**3.1.9** At least thirty percent (30%) of the LHTF Program moneys must serve Extremely Low-Income Eligible Recipients.

## **3.2 Awards.**

**3.2.1** The maximum application/award amount limits for the LHTF Program will be based upon the population of the geographic area served by the LHTF and will be posted on the IFA web site as part of the LHTF Program application materials.

**3.2.2** In the event the aggregate amount of the awards for which all applicants are eligible, based in part on their respective local matches and the amount of their LHTF Program award request, exceeds the amount of funds allocated to the LHTF Program, the amount of the award to each applicant shall be calculated by

multiplying the amount for which the applicant is eligible by a fraction, the numerator of which shall be the total amount of funds allocated to the LHTF Program and the denominator of which shall be the aggregate amount of the awards for which all applicants are eligible. An applicant's maximum eligible award amount shall not exceed the amount for which the applicant originally applied and shall be calculated prior to application of the calculated fraction.

**3.2.3** All award amounts for the LHTF Program must be approved by the Board. Notwithstanding the foregoing, the Board may increase or decrease the award amount to an applicant if the Board determines that doing so would be in the best interest of the development or preservation of affordable housing for Eligible Recipients in the state.

**3.3 Local Match.** The minimum Local Match is 25 percent (25%) of the total amount requested from the Fund.

**3.4 Threshold Requirements.**

**3.4.1** In addition to the requirements specified in section 3.1, the applicant must also provide the following to be eligible for an award.

**3.4.2** Applicants must complete the application in its entirety including all exhibits as posted on the IFA web site and submit the application to IFA by the deadline specified in the posted application materials.

**3.4.3** Applicants must provide the following in a narrative document:

- Need for housing in the community
- Impact of activity
- Financial and overall feasibility of activity
- Leveraging and partners in activity
- Administrative capacity of eligible applicant
- Timeline of fund activity

**SECTION 4. LOAN APPLICATION AND AWARDS**

**4.1 Loan Program Guidelines.** Subject to available funding under section 1.5.4, IFA may make low-interest loans to LHTFs on an open window basis for the purposes of development and preservation of affordable housing for Eligible Recipients. Such loans are subject to approval by IFA based upon reasonable underwriting criteria. Loan application forms shall be posted on IFA's web site as such funds are made available. Notwithstanding, a certified LHTF is eligible to apply for any loan program administered by IFA so long as the LHTF meets the loan program's eligibility requirements in all other respects.

## **SECTION 5. GENERAL REQUIREMENTS**

### **5.1 Eligible Uses.**

**5.1.1** The Fund must benefit Eligible Recipients.

**5.1.2** Awards from the Fund must be used for the development or preservation of affordable housing for Eligible Recipients, including infrastructure development, transitional housing, housing for the homeless, homeownership, rental, capacity building, or other purposes that further the Fund's goals.

**5.1.3** Awards from the Fund may be used to finance administrative expenses of the LHTF. However, this amount shall not exceed twenty-five percent (25%) of the total Fund award during the first two years of certification for a Newly Formed LHTF. For LHTFs that have been certified for more than two years, the amount allowed for administrative fees is ten percent (10%) of the Fund award. The administrative funds can be used by the LHTF at any time during the grant agreement period.

**5.1.4** Awards used in whole or in part to finance foreclosure-prevention, anti-predatory lending, or homebuyer education counseling or related activities shall be provided through an organization that is a part of the Iowa Mortgage Help initiative or has received certification through the National Industry Standards for Homeownership Education and Counseling.

**5.1.5** Any LHTF Program funding recaptured by a LHTF shall be retained by the LHTF and reused for additional affordable housing activities specified as eligible in the LHTF's HAP.

**5.2 Notification of Award.** IFA will notify the applicant in writing (1) of its approval as to eligibility and amount or (2) as to the reasons for denial.

**5.3 Appeals.** An applicant whose application has been timely filed and whose application did not receive an award may appeal the decision by filing a written notice of appeal within seven days of the award with the Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50309.

**5.4 Hearing.** Upon receipt of notice of an applicant appeal, IFA may contact the Department of Inspections and Appeals to arrange for a hearing. A written notice of the date, time, and location of the appeal hearing will be sent to the parties to the appeal. IFA shall select a presiding officer and hold a hearing on the appeal, in conformance with its rules on appeals.

**5.5 Judicial Review.** Judicial review of IFA's final decisions may be sought in accordance with Iowa Code Section 17A.19.

**5.6 State Building Code.** In areas where the governmental subdivision has not adopted a building code, electrical code, mechanical code, and plumbing code and does not perform inspections pursuant to such codes, the LHTF shall comply with Iowa Code section 103A.10A, as applicable, to ensure all newly constructed buildings and structures the construction of which is paid for in whole or in part with LHTF Program moneys are subject to the plan review and inspection requirements of the Iowa Department of Public Safety State Building Code Bureau.