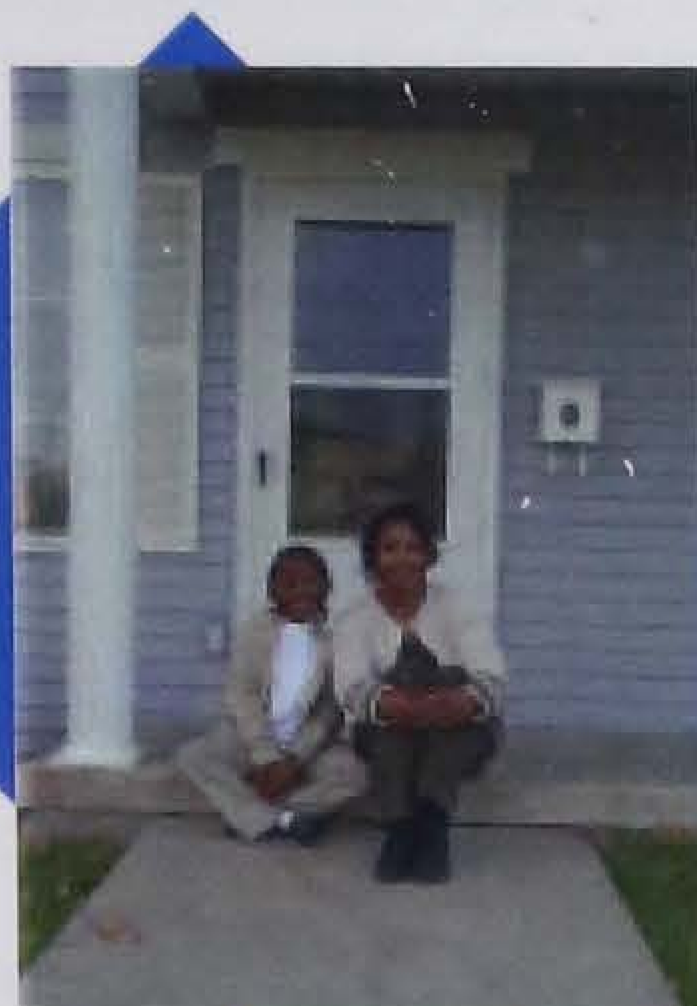
Comprehensive ousing Strategy r Iowa

Report to the Governor from the Iowa Housing Task Force December 2000



OVERNOR'S HOUSING
ASK FORCE

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December 2000

The Honorable Thomas J. Vilsack
Office of the Governor
State Capitol
Des Moines, Iowa 50319

Dear Governor Vilsack:

It is with great pride and sense of accomplishment that the Governor's Housing Task Force submits its *Comprehensive Housing Strategy for Iowa.* Culminating five months of concentrated effort, this report and set of priority recommendations provide a clear direction for policy and programming to ensure all Iowans have access to safe and affordable housing and that housing development can keep pace with economic development.

The 55-member Task Force convened in August and worked as a full task force and in five committees to identify housing issues and develop appropriate ways to address those issues for the state of Iowa. Co-chairs Linda Cottington and John Rooff provided leadership to keep the intensity and focus during the short time frame available to complete the strategy. The five committee chairs, particularly, put in many hours and meetings to produce detailed recommendations.

This report represents a consensus that Iowa needs a comprehensive housing strategy and an action plan to achieve the goals outlined in the 2010 Strategic Plan for Iowa. The full spectrum of Iowa housing interests were represented on the Task Force, with unity clearly emerging on the importance of taking action on these issues. Task Force members and the organizations they represent may elect to take a variety of steps toward improving access to safe and affordable housing for all Iowans in keeping with their priorities and key interests. As you and legislators consider the issues and recommendations, you can continue to rely upon the expertise, experience, and interests that came together to develop this roadmap to improved housing programs and opportunities.

On behalf of the co-chairs and the entire Task Force, I thank you for your direction and support and the opportunity to address critical housing issues for Iowa.

Respectfully submitted,

Michael L. Tramontina

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Message From the Co-Chairs

It has been an honor and privilege to serve as co-chairs of the Governor's Housing Task Force. As all members of the Task Force recognized throughout the process, addressing housing issues in Iowa is critical to the growth and well-being of families and communities across the state.

We would like to express our appreciation to the members of the Task Force, and particularly to those who took on leadership roles in the committee work. Throughout the report, strong messages are given about the importance of housing for the state. The issues and solutions were reached in a non-partisan way that allows for recognition of the array of perspectives on the issues.

The vision and impetus for the attention on housing comes from Governor Vilsack. Participation by the legislative members of the Task Force added a valuable policy perspective, helping to shape the final report and recommendations. The staff of the Iowa Finance Authority provided the Task Force, and us as co-chairs, with the information, support, and assistance necessary to get this big task accomplished in a timely fashion.

Housing stakeholders – policy makers, developers, providers, and housing consumers – are invited to consider the issues and recommendations brought forth by the Task Force. We believe implementing the Task Force Priority Recommendations will strengthen Iowa's housing programs and improve housing opportunities for all Iowans.

Linda Cottington

Linda Cottington
Co-chair

John R Rooff

John Rooff
Co-chair

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Acknowledgements

Developing a comprehensive housing strategy for the state of Iowa was a complex process that required the Governor's Housing Task Force to consider a multitude of issues. Many groups and individuals were involved in providing information to support the Task Force in its deliberations. Their contributions ensured a balanced and complete Task Force report.

The Governor's Housing Task Force expresses great appreciation to Governor Thomas J. Vilsack for his commitment to and vision for Iowa's housing needs. The Governor provided the impetus and the direction to launch this focus on housing.

Linda Cottington and John Rooff devoted many additional hours in their role as co-chairs of the Task Force. Five members of the Task Force – Harry Bookey, Gary Dodge, Jim Gossett, Kate Ridge, and Dean Spina – chaired the subcommittees that developed the recommendations included in this report. The Task Force is appreciative of the extra effort and commitment of these seven individuals.

A number of individuals and agencies provided support and assistance in providing information and insight into Iowa's changing housing issues. The Housing Roundtable, a forum for public agencies that administer housing programs in Iowa, was a key resource for the Task Force by providing history and information on programs and their impact on the issues. The Task Force extends its thanks to these agencies and their representatives for their ongoing interest and assistance.

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- Rose Wazny, Department of Economic Development

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Special gratitude is extended to Michael Tramontina, Loyd Ogle, and the Board and staff of the Iowa Finance Authority for their efforts in launching, sustaining, and coordinating the Task Force effort. Beth Danowsky and Eve Palmer of the Rural Development Council provided ongoing communications with the Housing Roundtable and support in coordinating ICN scheduling. Finally, thanks are due the staff of State Public Policy Group for their facilitation and management of the Task Force process.

The Governor's Housing Task Force

Governor's Housing Task Force

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Preface

Even as the private housing industry has boomed in Iowa over the past decade, a variety of housing problems have risen to a critical level across the state. Nearly all the growth of housing has been concentrated in just six metropolitan counties, creating single family housing markets too costly for even two-earner families. Meanwhile, across two-thirds of the State, in rural areas and pockets in urban areas, the housing market has stagnated and even declined. In some areas, economic development is stifled by the lack of market-rate housing appealing to business people looking to relocate, and even to current residents earning above the median income for the state. Long-standing problems continue to worsen. These are issues such as the lack of financing for rehabilitation of owner-occupied homes for low-income families; the lack of affordable rental housing for families with extremely low incomes, especially those in need of supportive services; the scarcity of transitional housing that is a stepping stone away from abusive domestic situations; and the lack of street-life appealing to young Iowans and "empty nesters" caused by the lack of housing in downtowns.

As the state attempts to solve the problems of exodus of young people, workforce shortages, migration from rural to suburban and urban areas, increasing numbers of families in poverty, aging of the population, immigrant and refugee arrivals, and raising the educational levels in schools with high percentages of low-income children, it will be necessary to deal with Iowa's housing problems. The solutions to such a multi-faceted problem will require a coordinated approach to assure efficiency, avoid duplication, and maximize leverage of private financing. Until now, there has not been a strategic plan or comprehensive approach to the housing needs of Iowans.

Though several state and federal financing programs and activities are available and used throughout the state, a thorough review and fresh perspective has been needed of housing issues. As a first step in this initiative, the Iowa Finance Authority commissioned a study assessing Iowa's housing needs. This study was conducted in 1999 and 2000 by Dr. Heather MacDonald and the Graduate Program in Urban and Regional Planning at The University of Iowa. The second step, as recommended in *The 2010 Strategic Plan for Iowa*, was for Governor Vilsack to appoint a fifty-five member Housing Task Force. The Task Force considered the full range of housing issues from foreign-language barriers faced by new Iowans to the impediments to building new housing in small communities. This broad range of issues created a complex challenge – to present a consensus report, including specific recommendations.

The Governor's Housing Task Force intends that this report be used by state and local policy makers, private sector developers, and housing program administrators as they address the larger issues facing Iowans and the state.

Governor's Directive

The Task Force will develop a mission statement to provide direction and focus for the state on housing policy.

Governor Thomas J. Vilsack, in the summer of 1999, drew attention to the state's lack of a clear, unified direction on the use and purpose of housing resources and federal resources administered by state government. To address these issues, he called for development of a comprehensive housing strategy for Iowa.

The Governor's Housing Task Force was created in response to this directive. The Task Force mission was to include:

- A vision/strategy for the state as a partner with federal and local government, nonprofit, and private sectors;
- Awareness of unmet housing needs; and
- Policy as a means to attract more, younger, and better-paid Iowans.

Background

In the past, most housing assistance was provided by the federal government to public housing agencies and private developers, mostly through HUD and USDA Rural Development.

As with many other programs, the level of federal funding has declined, especially during the past two decades. States have been stepping in to fill gaps and have become increasingly more important in the housing arena.

Housing programs in Iowa are provided and overseen by two state agencies -- the Iowa Finance Authority and the Iowa Department of Economic Development. The Iowa Finance Authority administers federal Low Income Housing Tax Credits, a downpayment and closing cost fund, tax exempt bonds, and the Housing Assistance Fund.

The Iowa Department of Economic Development administers two federal block grants, HOME and Community Development Block Grants, and a state housing fund, LHAP. IDED also administers homeless assistance grant programs. The state also administers incentives for housing development in Enterprise Zones.

In addition, the Iowa Department of Human Services provides housing subsidies to individuals with disabilities.

The State of Iowa has not had a comprehensive housing policy or an assessment of the programs it administers by these agencies.

Because of federal requirements, many of Iowa's programs are focused on providing affordable housing, including new construction and rehabilitation of existing structures.

In 1999, Governor Tom Vilsack charged the Iowa Finance Authority to convene a Housing Task Force and to commission a study assessing Iowa's housing needs. This study was conducted in 1999 and 2000 by Dr. Heather MacDonald and the Graduate Program in Urban and Regional Planning at The University of Iowa. The study was sponsored by the Iowa Finance Authority, the Iowa Department of Economic Development, and the Fannie Mae Foundation.

There has not been an attempt to study housing issues at the statewide level, making this effort extremely important.

The housing study was released in August 2000, at the initial meeting of the Governor's Housing Task Force. *Assessing Iowa's Housing Needs: An Evaluation of Housing Policy at* *the Turn of the Century* was designed to provide a basis for discussion of housing needs in Iowa. The study assembled data to provide a picture of the variety of housing problems throughout the state, the programs and initiatives used to address those problems, the volume of unmet housing needs in the state, and identification of priorities to guide policy. A copy of the study is included in the appendix of this report.

The University of Iowa study identified some current issues in Iowa's housing situation. The tightest housing markets appear to be in metropolitan counties or areas adjacent to metropolitan areas. Housing demand has weakened in some rural counties. Housing condition is more of a pervasive problem than the supply of housing available. There is a need for safe and affordable housing for Iowans with low and very low incomes. There are unmet needs for Iowa's low-income non-elderly renters.

The study was an important starting point for the Governor's Housing Task Force and the associated committees created to help the Task Force divide its work into manageable pieces. The assessment is an important compilation of data as a way to determine an overview of the housing situation in Iowa. It is a great challenge to study housing at a statewide level because of the limitations of the data available. Oftentimes, the US Census Bureau is the one clearinghouse for statewide housing data. Information about owner occupied and rental housing, value of housing, and age of housing is collected through the Census long form. The data is extrapolated into statewide statistics about housing in Iowa. However, as with all Census data, it is updated only every 10 years.

More housing-related information is available at the county level. County assessors determine housing value. Housing market value can be determined from sales. Growth in housing construction can be gleaned from building permit information. Other issues, such as zoning and incentives or tax abatement and tax increment financing, can be analyzed to determine the impact on housing.

To facilitate local planning and assessment of housing needs as a way to help determine where financial resources should be spent, the State of Iowa encouraged local assessments and planning. The Iowa Department of Economic Development created a program to encourage communities and counties to analyze their housing needs. Housing Needs Assessments can be conducted by cities and counties using experts such as Councils of Governments, ISU Extension, and private consultants.

The process of conducting a Housing Needs Assessment leads to the collection of local data and analysis of information such as demographics and affordability. The process also encourages future planning by including recommendations to deal with the identified housing issues.

The Iowa Department of Economic Development provides funds to assist counties and cities in conducting the Housing Needs Assessment. Local governments are not required to complete an assessment, but having one assists local governments in applying for other state and federal housing assistance.

Another tool employed to study local issues was the Community Builder Plan formerly required by the Iowa Department of Economic Development in order to earn points for some IDED applications. Housing was included as a section of the Community Builder Plan.

One of the outcomes of the study process was the creation of the Housing Roundtable. The Housing Roundtable was convened by the Iowa Finance Authority to provide information and expertise to the researchers. A number of organizations affiliated with housing belong to the Roundtable, including the Iowa Rural Development Council, the Iowa Department of Economic Development, Fannie Mae, the Federal Home Loan Bank, USDA Rural Development, the Iowa HUD office, the Iowa Department of Human Services, the Iowa Coalition for Housing and the Homeless, and the Iowa State Association of Counties.

The Roundtable continues today and served as an information source to the Governor's Housing Task Force. The creation of the Roundtable is evidence of a unique partnership of the public and private sector in support of housing in Iowa. The Roundtable is not the first partnership of these agencies. The Iowa Rural Development Council organized the Housing Application Review Team (HART), a cooperative inter-agency work group comprised of representatives of the Iowa Finance Authority, Federal Home Loan Bank of Des Moines, USDA Rural Development, the Iowa HUD office, Iowa Department of Economic Development, and the Fannie Mae Iowa Partnership office.

These organizations jointly developed the Housing Application Review Form, which allows applicants to complete one form to be reviewed by all these agencies for funding.

The Governor's Housing Task Force, with its 55 members, represented the private sector, the public government sector, and the non-profit sector. Many of the Task Force members have housing experience in some venue and are very familiar with the state's programs and the pros and cons of each.

The Task Force began its deliberations by reviewing the University of Iowa study and the major issues identified in the study. Because the Task Force was charged with developing a statewide policy for housing in Iowa, which is a gargantuan task, and because of the size of the full Task Force, the group was divided into committees to assist review and deliberation of information and issues.

Five Task Force committees were created and chaired by a member of the Task Force. The committees included Home Ownership, Rental, Quality of Life, Special Needs, and

Environment & Technology. The charge of the Home Ownership and Rental committees was to review issues relative to home ownership and rental housing. The other committees were a bit broader in their scope. Quality of Life addressed issues in both rural and urban communities related to "quality of life" issues, such as a variety of housing choices, low cost of living, low crime rates, quality schools, and recreational opportunities. These factors were considered in the context of housing needs. The Special Needs committee addressed issues relative to the disabled population and new Iowans. The Environment and Technology committee addressed issues such as land use, historic preservation, and brownfields.

The committees met independently and determined the issues under each area they believed the state needed to address in some way. Committee members prioritized the needs and crafted recommendations to address these needs. The full Task Force reviewed the recommendations and further prioritized them, and included a discussion of the resources needed to implement the recommendations.

Issue Framework

Food, shelter, clothing: three basic human needs. This alone might place housing among the top priority of Iowa's state and local policy makers. Of course, it is not quite that simple. There are many additional statewide considerations that add impetus to a timely focus on the housing situation and housing policy in this state. Understanding the housing environment in the context of other related issues will detail the scope of the challenge to those policy makers, housing providers, developers, funders, and program administrators to not only ensure adequate housing, but to support a progressive and growing Iowa.

A number of conditions and trends in the state have created concern about Iowa's future. The 2010 Strategic Plan for Iowa, which was completed in 2000, certainly calls attention to many of the issues that will have a long-term impact on the vitality and growth of the state and the well-being and prosperity of the people.

As the Governor's Housing Task Force focused its attention on housing, the relevance of many of the same issues became clear. The success of Iowa and its communities and regions in achieving their goals may well depend on these issues. The relationship of housing to these issues may not always be obvious, but it is most certainly a factor.

Mixed income and mixed use neighborhoods add diversity to residential alternatives. – One of the most publicized problems Iowa faces is the steady loss of college graduates and other young people from Iowa communities to other states. Iowa's "best and brightest" are seeking higher paying jobs and stimulating surroundings. The cities that many of these young people are moving to nationwide (which notably include our neighbors – the Twin Cities, Omaha, Denver, Kansas City and St. Louis) are in the midst of a revival of downtown housing. Private developers active in each of those communities testified to the Quality of Life Committee that typically this housing is in "mixed-use" and "mixed-income" neighborhoods made up of not only young, single people but older "empty-nesters". Residential-only, single family suburban communities are appealing to most Americans and most Iowans, but *not all*. Downtown provides housing diversification to a metropolitan community. Downtown neighborhoods are as traditional in Iowa as the State Fair, but through single use zoning and inattention we've let this invaluable asset deteriorate. Revived downtown neighborhoods are made up of housing, commercial shopping, cultural and entertainment facilities and offices. The housing stock is mixed, offering rental units with owner occupied town homes. This type of housing and community is appealing to people in all income levels, though typically not families. The housing stock is usually rehabilitated buildings, some to historical standards and others simply are an "adaptive re-use" of factory and office buildings into housing. This type of development has another incentive for private developers through the federal and State Historic Tax Credit programs. One of the amenities that these neighborhoods often can offer is something with which Iowa is rich – riverfronts. The younger generation is attracted to the recreational opportunities in parks and paths that align with many city's birthplaces along their riverfront.

These downtown communities need not be found solely in the metropolitan areas. The exact same types of buildings, neighborhoods and natural amenities can be found in many of Iowa's county seat towns around the traditional town squares. The housing issues that face metropolitan downtowns also face county seat towns and many of the same financing tools are available.

Stagnant and declining housing markets cover both rural and inner-city areas and require government subsidy to spark market-rate development. – Currently, sixty-eight of Iowa's most rural counties and its metropolitan inner cities have housing markets that are uneconomical to either build new houses or even rehabilitate existing housing.

While the purchase price of a home is set by the buyers and sellers, the amount that can be financed with a mortgage is determined by a lender who relies on an appraisal based on comparable sales in the neighborhood or community. In growing housing markets, developers can acquire land, construct a house, and sell at a profit, and the purchaser can get a mortgage loan. In stagnant or declining markets the appraised value won't be as high as the cost of the new or rehabbed home so private developers cannot operate. Typically, it costs $125,000-150,000 to build a three bedroom, two car garage, the type of home appealing to business owners or workers in the middle class and above. However, in stagnant or declining markets, it may be impossible to get an appraisal higher than $100,000-110,000. This creates a "financing gap" of $15,000- $60,000. To build this kind of housing it is necessary to fill this gap with an array of subsidies which can come from a variety of public and private sources. Subsidies can come in the form of land and infrastructure, down payment assistance or tax abatement for purchasers, or tax credit for developers. The subsidies can come from city, county or state government funds and tax forgiveness, and also from private employers, Rural Electric Cooperatives, and community banks which receive community reinvestment credit. Many cities, counties, and states use non-profit housing corporations, housing trust funds or Community Development Financing Corporations as a method of accepting private contributions for housing programs. Subsidies need not be a permanent requirement. Once the sales start and the market gains momentum, the appraised value of the successive houses will reach the cost to build or rehabilitate.

Income restrictions attached to federal block grant funds make them ineffective for market-rate development. – Federal CDBG and HOME funds available from cities over 50,000 population and for small cities from IDED are restricted by federal law to uses that affect persons below 80% of the Adjusted Gross Median Income ("AGMI") and 60% respectively. Those restrictions limit the size of the pool of homebuyers and renters eligible to purchase or rent housing that is financed, in any way with federal funds. This is a problem in inner cities, but an even greater problem in rural areas because the AGMI levels as promulgated by HUD are very, very low in rural areas. In those rural areas, someone with a job paying just above minimum wage would have an income too high to reside in a home that was built or repaired with federal funds.

Affordable single-family homes are an asset for retaining and attracting Iowans. – In recent years, chambers of commerce and the state of Iowa have launched various initiatives designed to bring native Iowans back to settle and raise their families. Dubuque, Cedar Rapids, Des Moines, and state officials are among those recognizing the importance of recruiting former Iowans to return to the state. The focus has been on jobs, low crime rates, good educational opportunities, and quality of life. Affordable housing could provide an attractive lure for young singles and couples seeking ways to settle and raise their families in the lifestyle in which they were raised. Home ownership may not initially be the choice of returnees, and they may be seeking interesting, affordable housing located near entertainment or leisure areas. Those returning to start or raise a family may be more inclined to seek affordable homes to purchase in family-friendly neighborhoods, near good schools. A challenge for all communities is to find solutions to housing options for singles, couples, and young families that want to return several years after leaving Iowa.

Non-profit housing providers can be an important link to immigrant and refugee populations. – Iowa has always been an attractive destination for immigrant populations. Germans, Danes, Norwegians, Irish, Thaidam, Vietnamese, Hmong, and multitudes of others have populated the state over the generations. More recently, immigrants have again looked to Iowa as a new homeland that offers jobs, safety from war and crime, and good educational opportunities for their children.

Iowa's workforce shortage, particularly in production worker, food service, hotel, and mid-level positions, has contributed significantly to an increase in immigrant populations. Workers may come from Mexico, Central America, South America, Asia and the Pacific Islands, or countries of the Newly Independent States (NIS, former Soviet Union). Affordable and safe housing is a critical issue for these new Iowans. They often need additional support with entering into a lease, understanding local housing rules and customs, language, legal issues, education, and immunization of children. These support services are nearly as important to the new Iowans and the communities as having affordable housing itself. Because of the types of jobs immigrants obtain, an additional issue becomes the proximity of appropriate housing to the workers' jobs. Iowa's urban areas are fortunate to have a number of non-profit housing providers accustomed to working with tenants with special needs and supportive services providers. These housing providers will need support from the state authorities in the form of training and translation services. Outside the urban areas, more non-profits providing support services are needed.

A second issue related to new Iowans is that of refugee populations. Refugees are in a somewhat different situation than other immigrants. Refugees typically come from war-torn countries in significant numbers over a period of a few years. Bosnia, Sudan, and Somalia are sources of refugee populations that have come to Iowa within the past few years. Entire families usually arrive together and work with a refugee settlement agency or sponsor who assists in finding and supporting their early needs and transition. Again, language and legal needs must be met, but there is a better chance there is a resource to which to turn. Refugees coming to Iowa usually seek to settle near one another in the same community. This, of course, presents challenges in affordable housing that is in good condition that will contribute to the well-being of the family.

As Iowa becomes a more diverse state, housing options and support services will necessarily need to adapt to these changes. Creative financing options for new Iowans who come from cash-only economies becomes a challenge, as does providing home-buying and home ownership education in practical terms and in languages understood by a range of cultures. Some of these issues are not directly related to the physical provision of safe and affordable housing stock, but are critical to ultimately meet housing needs of all Iowans.

Iowa needs housing suitable for persons older than 85 years. – Iowa's population continues to age. The average age of residents is creeping steadily higher. The state ranks first in frail elderly – people over 85 years of age. The housing needs of elders is different from those of younger families, and Iowa's housing options have not kept pace with these changing needs. As Iowans age, they are more likely to be living alone. There are clear implications for the types of housing that elders seek and need.

By and large, elder Iowans wish to live independently for as long as possible. This means housing for elders may need to include modifications or adaptations that make it easier for one with more limited mobility or strength to continue to be independent. Housing design, availability of housing with lawn and maintenance provided, and smaller homes may be increasingly in demand. Private housing developments or complexes that combine services such as transportation, delivery, or help with housekeeping may be the wave of the future. The growing elder population – with the baby boomer generation right behind – virtually guarantees a stronger demand for different types of housing than are currently widely available.

Supportive services are part of long term solutions. – Affordable housing is the foundation on which low-income persons can begin to achieve independence, but without supportive services, this foundation is too weak to be fully effective. Supportive services and quality affordable housing need to be offered simultaneously in order for either to be truly beneficial.

Low-income families face a myriad of difficulties that can only begin to be addressed with the provision of affordable housing. The addition of supportive services to an affordable family housing development has the potential to help those families be less transient, to obtain training and information that can better their economic situation, improve their parenting skills and assist them in maintaining their home.

In Iowa, there are many low-income elderly who can no longer maintain their home independently, yet are not frail enough to require nursing home placement. For Iowa's low-income elderly, this is a precarious situation. They can't afford a traditional assisted living arrangement, nor can they continue to live in their home. Iowa has begun to address the affordable housing alternatives available to Iowa's seniors, but few offer any type of services, and many are located in remote areas with limited access to outside services. The provision of supportive services on site can help many low-income elderly access services that can help them remain healthy, happy, and independent for much longer than would otherwise be possible.

Supportive services are also an important component in fostering the independence of persons with disabilities. Many more persons with disabilities may be able to live independently in their own communities if they were afforded greater access to affordable housing with services that could help them in the quest for independent living.

The current lack of supportive services has left Iowa with fragmented housing, high vacancies, deteriorating housing conditions, rising numbers of homelessness, continued unnecessary institutionalization of the elderly and disabled, and increased community distress.

Persons with disabilities continue to be underserved by current housing programs. – Last year, 19,964 persons with disabilities received services from the Department of Human Services. It is estimated that a large number of members of this population have housing problems, including being cost burdened, living in substandard housing and/or living in inaccessible housing. The best available data indicate there are fewer than 400 units statewide designated for persons with disabilities.

New multi-family developments are not being constructed in compliance with state and federal accessibility standards. Two-thirds of the Iowa communities surveyed indicated they do not review plans for new multi-family construction to determine if they are accessible to persons with disabilities. Possible avenues of legal recourse taken after a development is built have proven inadequate, costly, and ineffective in promoting future accessible development. It is also not uncommon for a development to be so inaccessible it is nearly impossible to retrofit it to meet Fair Housing Act (FHA) accessibility standards.

Furthermore, the stricter implementation of Americans With Disabilities Act (ADA) and FHA accessibility standards does not ensure that accessible units are rented to persons with disabilities. The current state housing programs do not offer a means by which accessible units can be reserved for persons with disabilities, thereby giving no assurance that future accessible units will be occupied by persons needing them the most. The current minimum requirements, even if adhered to, are unlikely to be enough to close the gap that exists between the number of units demanded and the number of units that would be supplied, especially given the number of years the housing needs of persons with disabilities have been neglected.

Too many low-wage workers still cannot afford a decent home. – Iowa's population continues to fall deeper into poverty. Among families with children in which the head of household works, the poverty rate increased from 5.9 percent in the late 1970s to 9 percent in the mid-1990s. These Iowans, who form the core of the service sector of our economy, have not ridden the wave of unprecedented economic prosperity experienced by the majority of Iowans.

Despite being a part of Iowa's workforce, housing costs for these families greatly exceed their disposable income. On average, an Iowan needs to earn a minimum wage of $9.10 per hour to afford a two-bedroom apartment at current fair market rents. In some parts of the state, the minimum wage needed is as much as $11.19 per hour. As noted by the housing study recently completed by the University of Iowa, housing problems (defined as living in substandard housing, or having a housing cost-burden) primarily affect renters under 30% of median income (i.e., $16,000 or less for a family of four).

In lieu of an increase in the wage earned by Iowans, it will be vital for the state to increase its financial commitment to housing as well as take leadership in fostering public/private partnerships that will bring the cost of housing within the grasp of Iowa's working poor.

In rural areas, housing development impedes economic development, so incentives to companies must be accompanied by incentives for communities. – Outside a metropolitan area, when an existing company is considering expansion or a new employer is considering a community, it is common that the community will not be able to house most of the new employees, especially the higher-paid executives. Usually, those families will either locate in the nearest metro area and commute, or the smaller community will lose the development altogether. If it is possible to use tax incentives, low cost loans and grants, and Road Use Tax Funds to attract employers, then it should be possible to do the same for the communities. Low cost grants and loans for subdivision development, scoring preferences competitively-awarded multi-family development funds, and grants and loans for infrastructure like streets, sewer, and water should be provided simultaneously.

Suburban housing boom has left both rural and older urban areas behind. – Much is made about the perceived differences of interest of urban and rural Iowa. What has become clear through this process, however, is that the problems faced by rural and urban communities in addressing their housing needs are very similar. As noted in the housing study, large areas of rural Iowa are in stagnant and declining housing markets. These areas are typically characterized by below-average housing prices and low median incomes. This results in a lack of private capital investment and a decrease in the quality of the housing stock. This is the same problem faced by many urban sub-markets that are in larger metropolitan areas otherwise characterized as having stable or growing housing markets. These are urban "pockets" where incomes are low, the quality of the housing stock tends to be poor, and housing prices are depressed, making private capital investment very difficult. It is in these areas, both urban and rural, that a common strategy can be employed to target public resources in partnership with the private sector to impact the local housing market.

The state needs to assist local officials to make "smart" development decisions. – It has been estimated that every seven years an area approximately equal to the area of one Iowa county is converted to residential, transportation, commercial, industrial, or similar uses. At this rate, it is a question of when, not if, spreading growth becomes a problem in Iowa. The data supporting the estimated conversion of agricultural/open space is difficult to obtain and an in-depth analysis of Iowa land use is necessary to establish the new millennium benchmark and to measure future changes in land use. Those who resist smart growth initiatives and who see no adverse consequence from urban sprawl often claim that data do not demonstrate a problem exists.

Despite the importance of agriculture to the health and vitality of Iowa and to the economic well-being of all of its citizens, recent judicial decisions have undermined potentially useful tools to protect agriculture from encroachment. Continued conflict between the agricultural producers of the state and encroaching residential uses is to be expected. Levels of government lack cohesive, detailed data and information to identify appropriate areas of the state to target preservation for agricultural production through alternative incentives and the appropriate balancing of state laws.

During the 2000 session, the Legislature directed a study on the establishment of a statewide uniform filing system for real estate documents. There is wide diversity among political subdivisions in the utilization of technology with respect to managing land use information, whether it is in the context of taxation, planning and zoning, emergency management, or protection of natural resources. The time and technology are right for a broad inventory of land use in Iowa.

Existing housing stock in Iowa is architecturally diverse. Preservation of housing that was constructed in the eighteenth or early nineteenth century is of significance in meeting the goals of the state. Additional incentives are required to preserve existing housing and to convert other historical properties to housing.

Suburban communities benefit from affordable housing. – Nationally, job creation over the past eight years has increased rapidly, but those new jobs are not evenly distributed among inner cities, rural areas, and suburbs. HUD estimates that 75% of new jobs are created in suburbs. The result, in Iowa, just as in the rest of the country, is a shortage of workers, particularly entry-level in suburban areas. One incentive to attract those workers is affordable housing.

The state must be deliberate in the allocation of federal subsidies like Low Income Housing Tax Credits and Tax Exempt bonds because, in metropolitan areas, the legal maximum rent levels in federally-subsidized housing is usually not much below the market rents. Therefore, the subsidy often goes disproportionately to the developers and not to tenants. Discretion is needed in allocating the federal subsidy toward projects which agree to charge below market or below the maximum allowed rents or to favor development in the stagnant or declining markets, such as rural counties or low-moderate income census tracts of the central cities.

Suburban cities and counties with a growing housing supply and which still have highly desirable sites, are in a position to negotiate with developers over the location and size of affordable housing developments in a way that rural and older, developed cities are not.

Quality housing contributes to the health and well-being of Iowans. – The very young and the very old are most susceptible to the impacts of unsafe housing on one's health, but it effects everyone. Certainly there are clear ties between housing and health in such hazards as lead-based paint, lead solder in water pipes, asbestos, radon, or faulty heating systems. Some are issues primarily with older homes, but others affect housing of all types and ages.

More subtle factors also influence the health of a home's residents. Location near sources of pollution, noise, or traffic may have an adverse impact on health. Tight-fitting windows and doors, as well as a reliable and safe source of heat, clearly have a positive impact on health. Unfortunately, around Iowa there are people who are living in homes that are damaged or structurally unsound. These individuals are often immigrants who rent these buildings without knowing or understanding that local officials have condemned the structure.

Of course, without good health, Iowans will not prosper in their family, their work, or their community. Safe, quality, housing is a fundamental requirement to support healthy families and healthy workers.

The lack of affordable housing is an important factor in educational attainment. – Children from low-income families are often disadvantaged in the classroom by frequent moves. If children live in substandard housing or are forced to move every few months because the rent is unpaid, or if children sleep on the couch at an aunt's house, they have a harder time focusing on schoolwork both at school and at home. They are also less likely to build relationships with teachers and school officials who can help them. Study after study over the last 10 years have shown that poorly-housed children fall as much as one grade behind their adequately-housed peers.

Low-income families with three or more children can find it impossible to find, let alone afford, housing with four bedrooms or more at any price.

As communities lose population to other states or to larger communities, the student base and the tax base dwindle as well. Even though small-town schools are not able to offer students the variety of specialized classes found in larger systems, they do boast small class size and greater individual attention.

From another perspective, in communities where student growth is rapid because of the sudden expansion of housing, schools systems are pressed into using temporary classrooms, recruiting additional teachers, and shifting the system to a growth mode from a more typical maintenance or decline trend. The schools in Dallas County, including Waukee, Adel, and Perry, are clearly experiencing these effects. Coupled with the need to educate more children is a need to provide quality and appropriate educational and support services to Iowa's increasingly diverse student population. These issues underscore the importance of housing program administrators' and developers' close work not only with local municipal officials, but also with school officials.

Older housing stock can have hazards. – Iowa's housing stock is relatively old and is not meeting current needs of Iowans. It was shown in the housing needs assessment completed by The University of Iowa there is a clear need for safe and affordable housing for low-income residents.

Because so much of Iowa's housing was built between 1930 and 1950, there is a real need to consider housing rehabilitation projects, particularly in the rural areas. Even with the housing boom of the 1990s, the problem is not solved. Most 1990 housing construction was in suburbs and not spread across rural, urban, and suburban areas. In addition, there were fewer homes built than the number of homes in declining condition.

Directly related to the issue of housing stock is the shortage of housing contractors in the state. During Iowa's agriculture and economic crisis of the 1980s, many of the state's housing contractors left the state to find enough work to stay in business. Unfortunately, even after the economy rebounded, many of those contractors remained away from Iowa. The impact continues to be felt in Iowa today.

"Brownfield" redevelopment capitalizes on our existing infrastructure investment. – Existing inner-city neighborhoods often have lots with dilapidated structures or lots that are vacant following demolition. For private developers, the cost and risks of redeveloping those "brownfield" lots can be higher than developing on clean, bare ground outside the city near a highway intersection. The infrastructure needed to support housing, no matter where it is, include streets, sewer, water, electricity, telecommunications, and public services such as schools and police and fire protection. However, too many communities, aided by state policies, overlook the cost of providing the infrastructure and services when considering investments in housing. In the long run, public investment in cleaning up lots and repairing streets in older neighborhoods, which already have basic infrastructure and services, is a wiser investment.

Currently, state and federal financing programs for brownfield cleanup are limited to economic development uses and cannot be used for redevelopment as housing. Deterioration of just one house on a block can pull down the value of every house in a neighborhood. That starts a spiral of declining values that ultimately make investments by developers or homeowners uneconomical.

Important to the future of housing in some areas is ensuring that standards are in place and compliance is met for infrastructure such as streets, sewer, and water services. A growing issue that may encourage or discourage housing development in certain parts of the state, is the availability of telecommunications service, particularly broad-band service allowing high-speed Internet connections. Basic telephone service has been the target of considerable criticism in recent years. Providing high-speed Internet access in rural areas may well be a significant factor in whether people choose to reside in those areas.

Those planning for and targeting housing development must include all these infrastructure issues in their deliberations and agreements. Housing without infrastructure capable of serving residents for decades to come will not give Iowa the efficiencies and return on investment that the state seeks in its housing programs.

Rental housing should be located near public transportation corridors. – Public transportation in Iowa is available in the state's larger communities and metropolitan areas as well as in some rural areas through a regional transit system. Rural regional systems provide varying services depending on the region. Some may serve the general public; others may serve limited populations such as elderly, people with disabilities, or those needing transportation to obtain medical services. Some regional transit services also provide subscription routes to work sites. In metropolitan or rural areas where public transportation is available, service hours or routes may limit transportation options for individuals.

Iowans have a traditional lack of interest in or commitment to using public transportation in large numbers. Iowans rely on their own transportation sources – the family cars – and maintain an independent attitude toward getting from one place to another.

The implication for housing is evident. Where you live, then, is often dictated by where you work. It is important to have adequate housing, and the right kind of housing, in relative proximity to jobs in a community. These issues are currently providing challenges to rapidly-growing communities as well as providing opportunities for those seeking to develop more interesting new options for housing.

Cultural and recreational opportunities are important amenities governments can use to spur housing development. – Never before have culture, tourism, entertainment, and recreation garnered as much attention as right now. These are the very attractions that many community, economic, and policy leaders see as the heart and soul of the state's ability to keep its graduates in the state, attract families to settle in the state, and to keep the current workforce satisfied with their life in Iowa.

The connection with housing is nebulous, but real. Without culture and recreation opportunities, it has been shown that people simply are not interested in living in an area. Other cities in the US have rediscovered that investment in recreational opportunities such as walking trails, bike lanes, urban lakes, central city parks, and riverfronts creates amenities that will spur housing development. In Iowa, community leaders are often the greatest advocates of a community attraction and communities have done a remarkable job of financially supporting such efforts locally. The time has come, though, and the workforce and population situations are becoming critical enough that the state has taken action to also support culture, tourism, and recreation initiatives at the local level.

The CAT Fund (Culture, Arts, and Tourism Fund) and the Vision Iowa Fund were established by the Iowa legislature to provide communities of all sizes with financial assistance in implementing community attractions initiatives with local, regional, and statewide impact. The state has made a significant commitment to these efforts designed to make Iowa a better place to live and work.

Housing advocates, program administrators, and developers must be mindful of their responsibility to ensure there are a variety of housing options for Iowa's residents as well. It is crucial for the state's housing strategy to be complementary to the state's strategic goals in areas such as culture and recreation.

Quality of life is a critical asset in Iowa. – Quality of life is about how people feel about the things that surround them in their life. Job, community, neighborhood, friends, hobbies, conveniences, services, recreation, and culture are all elements of quality of life. Housing, most definitely, is a significant component of any individual's quality of life.

Quality of life in housing requires that people live in space in which they are comfortable. There needs to be a diverse mix of housing available so people have numerous housing options. Having such appropriate housing for one's chosen lifestyle enables quality of life.

People want to live in interesting places. Town squares, old warehouses, wooded areas, in the midst of a city's hubbub, or in a small town's quiet neighborhood are examples of diverse and interesting places to live. Creativity in location, housing style, and the surrounding ambiance contribute to a quality of life that individuals choose.

As a priority, the state of Iowa seeks to enhance the quality of life of its residents. The comprehensive housing strategy must include considerable attention to quality of life in housing as the most basic level at which Iowa individuals and families seek to create their own comfortable niche.

Analyzing the Issues

On a daily basis, housing impacts every Iowan. For that reason alone, the work of the Housing Task Force takes on added importance. The statewide issues outlined here add a sense of greater dimension and some urgency to developing workable approaches and solutions to the housing needs faced by the state's residents. To best address the many issues, the 55-member Housing Task Force created five committees to research and analyze topical areas. Each committee was comprised of Task Force members with interest and expertise in the topical area. Housing Roundtable members were available to provide additional information on request of the subcommittee.

The five committees covered the following areas:

- Environment and Technology
- Home Ownership
- Quality of Life
- Rental
- Special Needs

A body of information was gathered around each of these topics. Within one or more of the committees, the statewide issues were reviewed and considered as they related to the topic area. Recommendations for action were thoughtfully developed based on the needs identified and analyzed by each committee. Each committee presented all recommendations to the full Task Force for its consideration and deliberation. The work of the committees is the foundation of the recommendations presented in this comprehensive housing strategy.

Priority Recommendations

Comprehensive Housing Strategy for Iowa

Mission of Iowa's comprehensive housing strategy:

> *Iowa's state-led housing initiatives will ensure that all Iowans have access to safe, affordable housing options appropriate for their individual lifestyle and income, and will support quality of life. The comprehensive housing strategy will contribute to the vitality and growth of Iowa and its communities.*

The 55-member Governor's Housing Task Force worked in five committees focusing on issue recommendations. Each committee addressed specific issues related to environment and technology, home ownership, quality of life, rental, and special needs. In their work, committees considered a good deal of information relating to the critical housing issues for Iowa.

As part of that review, the Task Force and committees recognized the importance of key findings of the housing assessment study completed by The University of Iowa. The housing study documents needs in Iowa and makes the case for increased public and private resources for housing. To summarize a few of the findings:

- Nearly 50,000 renter households live in substandard housing or are cost-burdened.
- Another 1,806 elderly renters live in substandard housing or are cost- burdened.
- Among homeowners 54,335 live in substandard housing or are cost-burdened.
- Over 19,000 extremely low-income persons with disabilities are estimated to have a housing problem.

To address the needs of renters and homeowners who live in substandard housing, a capital investment of $210 million in public funds could leverage an estimated $490 million in private investment for a total of $700 million. However, much better leverage may be obtainable, thus reducing the public investment. The housing study indicates that total investment may exceed $3 billion.

These figures should not discourage policy makers from taking action. Note that these numbers include both public and private capital. Public funds can leverage significant private resources. Depending on the type of program and leverage, significant amounts of resources can be marshaled over a number of years to appreciably impact the identified need. For example, a 10-year annual commitment of $20 million could conceivably leverage $1 billion in private sector capital over that time period. Thus, a concerted effort of the public and private sectors over a sustained period of time is crucial in any serious effort to address the housing needs of Iowa.

The Task Force reviewed and considered the 42 committee recommendations and agreed upon the Task Force Priority Recommendations summarized in this section of the report. Following are the recommendation statements given priority by the full Task Force, listed in priority order. Detail of each recommendation may be found in the next section of this report.

Recommendation 1: State Housing Trust Fund

Note: This recommendation was developed by combining similar recommendations arising from various committees. Detail of this combined recommendation is found in the next section of this report. Please also refer to the following for additional detail of the original committee recommendations:

- *Home Ownership Committee, Recommendation HO-1, State Housing Fund, page 89*
- *Home Ownership Committee, Recommendation HO-2, Housing Opportunity Fund, page 92*
- *Quality of Life Committee, Recommendation QL-2, Title Guaranty Reorganization, page 104*
- *Rental Committee, Recommendation R-1, Establish New Funding Resources, page 123*
- *Environment and Technology Committee, Recommendation ET-2, RISE Funding Guidelines, page 75*
- *Quality of Life Committee, Recommendation QL-1, Allocation of Resources, page 103*

Create a State Housing Trust Fund. To maximize effectiveness, reduce overlap, standardize paperwork, and increase accountability, all state funding for housing should flow through a single State Housing Trust Fund. The Trust Fund should be legally established to provide that when loans are repaid and interest earned, they are deposited in the fund to be recirculated. The Fund should be staffed and administered by a single state department that coordinates housing and community development programs of Iowa Finance Authority (IFA), Department of Economic Development (DED), Department of Human Services (DHS), and Department of Elder Affairs (DEA) and should not charge the Fund for salaries or overhead. The Fund should be held separate from federal funds so as not to attach federal requirements for serving only low-income persons. The primary strategy for use of the funds would be to leverage private and governmental financing. Generally, monies in the fund should be available for housing and community development; home ownership and rental; and income-restricted and market-rate in "stagnant" housing markets.

Problem statement:

- Too little funding is available to assist low income persons, persons with special needs, and to spark development in non-metropolitan areas.

- Currently, nearly all the direct financing for housing available through the state originated as federal funds and thus has federally-mandated income restrictions. While these funds are desperately needed, they are not available for market-rate housing in non-metropolitan areas.

- A dedicated revenue stream is far superior to consecutive annual appropriations because it facilitates leverage, including issuance of bonds and multi-year commitments to local housing trust funds.

- Additional financing sources are available through USDA, FHA, and private sources but is not being accessed because the state programs do not have the flexibility to leverage them.

- Current state tax incentives are too limited to be really effective in motivating the private sector to invest in rehabilitation of existing buildings or invest in stagnant housing markets.

- Cities use TIF differently than small towns. Let the cities and counties determine how TIF is used for commercial or residential development and determine how much they want set aside for low and moderate income categories.

- In rural areas, economic development is held back by lack of housing development, both affordable and market-rate. In the same way state economic development incentive packages include set-asides of transportation (RISE) and training (NJTC) funds and tax-exempt bond cap, the packages should also include set-asides of housing and infrastructure funds.

Recommendation 2: Single Agency Administration

Consolidate the administration of all state-funded housing programs within one state agency.

Problem statement:

This recommendation is being made so that limited housing resources may be used more effectively and efficiently. At present, there are two state agencies that administer the bulk of the state's housing resources. These two agencies are the Iowa Department of Economic Development (IDED) and the Iowa Finance Authority (IFA). A consolidation of housing resources under one of these agencies (or a new agency) would allow for the following:

- A singular "vision" of housing needs and goals
- Coordinated use of available housing resources
- Streamlined application process
- Consistent project administration

Parties affected by this recommendation would include IDED and IFA employees, legislative and administrative offices, organizations seeking funding (for-profits, non-profits, partnerships, units of local government, etc.), and low-moderate income Iowans.

There should be no increased cost to taxpayers to implement this recommendation. In fact, the administrative costs for implementing housing programs should decrease. Also benefiting from this recommendation are the numerous applicants for housing projects, since a streamlined process for requesting funds and project monitoring will be contained within one agency.

Barriers to implementing this recommendation include resistance to change or reorganization. This could include such things as bureaucratic and inter-agency "turf" battles.

If this recommendation is not implemented, the status quo of a disjointed housing effort and duplicative administration of programs will continue.

Recommendation 3: Housing Public Education and Information

Note: This recommendation was developed by combining similar recommendations arising from various committees. Detail of this combined recommendation is found in the next section of this report. Please also refer to the following for additional detail of the original committee recommendations:

- *Rental Committee, Recommendation R-2, Education on Benefits of Affordable Housing, page 129*
- *Environment and Technology Committee, Recommendation ET-3, Public Information Campaign, page 76*

Iowa must develop a comprehensive public education and information effort that emphasizes the necessity and positive benefits of affordable and safe housing, promotes community involvement and awareness in housing policy and initiatives, and gives attention to critical health and safety issues in housing construction, renovations, and maintenance.

Problem statement:

For a number of years, considerable discussion has taken place about "housing needs" throughout the state of Iowa. As a result, there have been a variety of efforts by public, private, and non-profit organizations to address this critical shortage. For the most part, there has not been a comprehensive statewide strategy to implement a planful process. As a result of the Governor's directive, the Iowa Finance Authority initiated a public/private citizen Task Force to develop a strategy.

In order to be successful in the implementation of the Task Force's policy strategy, the public needs to be engaged and involved to promote health and safety, new construction, renovation, rental, and special needs housing. Historically, much of the information was driven by key agencies and organizations, and the public was not involved in the public discussion to address Iowa's housing issues. Involving the public in discussion of all types of housing issues, is critical. One example is the need to address the rate of lead poisoning in Iowa that is three times the national average.

Recommendation 4: Accessibility Standards

The State of Iowa shall adopt the accessibility standards of the federal Fair Housing Act (FHA) of 1988 and the federal Americans with Disabilities Act (ADA) of 1990.

Problem statement:
The Special Needs Committee discovered the only current method of enforcing the accessibility requirements of the FHA and the ADA is through reactive administrative complaints or lawsuits filed against developers, architects and government building inspectors. Currently, the Iowa Fair Housing Statute, as well as the federal FHA and municipal FHA ordinances, requires that, to be covered, multi-family dwellings be designed and constructed to provide accessible housing for persons with disabilities.

It has been shown that many new multi-family dwellings in the state are not being designed and constructed in compliance with the state or federal accessibility standards. Building code inspectors who review construction plans and specifications for multi-family housing are generally looking only for compliance with building ordinances, and not for the compliance with FHA guidelines. Of the 900 Iowa communities that responded to a 1999 community survey by the Iowa Civil Rights Commission, 600 indicated that they did not review the new construction building plans for multi-family housing units to determine whether the units are accessible to persons with disabilities.

Likewise, architects and builders have the mistaken impression that since cities approve their plans and issue building permits, all relevant requirements for accessibility have been met. Between January 1992 and January 1998, it would appear from the community survey, only 9% (202/2,295) of the multi-family housing constructed in Iowa received a handicapped review certificate. It should be noted that some of the building permits issued might have been for duplexes and triplexes that are not required to receive a handicapped review certificate. It is also well-recognized that the vast inconsistencies between municipal building codes in Iowa causes an enormous amount of confusion with architects and builders, and accessibility becomes nonexistent.

The general consensus, too, is that the FHA accessibility standards are not seriously heeded by state building code officials, or local building inspectors. It appears that both government authorities tend to view accessibility mandates as negligible construction specifications. Likewise, the potpourri of local building codes around Iowa lends itself to noncompliance with the FHA accessibility requirements. In most cases, the only method of enforcing the accessibility guidelines of the FHA is through state or local civil rights administrative litigation.

Although the Iowa Civil Rights Act is ready to impose the same accessibility mandates as the federal FHA, generally no state or local civil rights agency officially reviews construction plans, or conducts on-site inspections for compliance with this law. However, after an apartment building is designed and constructed in non-compliance with accessibility standards, civil rights agencies can prosecute fair housing complaints against the architects and builders involved.

There is currently a gross lack of funding at the state Fire Marshal's Office to oversee, monitor, and enforce this recommendation and/or existing accessibility laws. Thus, many laws are not being enforced and/or are not addressed in a timely manner.

Recommendation 5: Smart Growth Land Use Inventory

Under the direction of the appropriate supervisory body, conduct a systematic digital land use inventory of all land uses in the state of Iowa, with such detail as the multi-discipline supervisory body (representing all levels of state and local government and the private sector) determines.

Problem statement:

More populous states and growing metropolitan areas are experiencing growth into areas that were long agricultural, wilderness, and otherwise lightly-populated. Many adverse factors are attributed to this type of growth. With respect to land use in Iowa, it has been estimated that every seven years an area approximately equal to the area of one Iowa county is converted to residential, transportation, commercial, industrial, or similar uses. At this rate, one would assume that today's spreading growth is not a problem in Iowa. The data supporting the estimated conversion of agricultural/open space are difficult to obtain and an in-depth analysis of Iowa land use is necessary to establish the new millennium benchmark and to measure future changes in land use. Critics of conclusions regarding the spreading of growth (frequently referred to as urban sprawl) often challenge the adequacy of the data used by those claiming adverse consequences.

Despite the importance of agriculture to the health and vitality of Iowa, and to the economic well-being of all of its citizens, recent judicial decisions have undermined potentially useful tools to protect agriculture from encroachment. Continued conflict between the agricultural producers of the state and encroaching residential uses is to be expected. Levels of government lack cohesive, detailed data and information to identify appropriate areas of the state to target preservation for agricultural production through alternative incentives and the appropriate balancing of state laws.

Recommendation 6: Housing Consumer Education

Note: This recommendation was developed by the Home Ownership Committee and is listed as HO-4 on page 97. This Task Force Recommendation 6 also includes components of Special Needs Committee Recommendation 4, which is detailed on page 159.

Housing Education Program – Expand and aggressively market programs that result in better-educated housing consumers, including outreach and education to immigrants and minorities. Components include:

- Home ownership education
- Renter education
- Financial literacy
- Predatory lending

Problem statement:

Iowans and new Iowans lack knowledge both in financial areas and in home ownership. Many persons are not knowledgeable about their housing options, programs available, ability to buy a home, and what is needed to purchase a home. Reports from IFA show very few minorities use IFA programs to purchase homes. Problems of culture and language differences make the transition to home ownership even harder. Minority and low-to moderate-income homeowners are often the first targets for predatory lending. Lack of personal financial knowledge contributes to an increase in predatory lending and financial stress that can mean the difference between homeownership and homelessness.

Recommendation 7:
Reduce Barriers to Affordable Housing

The State of Iowa shall reduce barriers to affordable housing by:

1. Prohibiting discrimination based on the use of rental vouchers under the Section 8 program, and;
2. Requiring good cause for termination in manufactured home parks, and;
3. Creating a deposit assistance program, and;
4. Eliminating the option for nearby property owners to force a "supermajority" vote of a city council when rezoning is needed for a housing project, and;
5. Creating a risk reduction program to assist certain low and moderate income tenants, and;
6. Facilitating the production of units for persons with disabilities, and;
7. Establishing consistent and appropriate procedures for the property tax valuation of affordable housing.

Numerous barriers exist throughout the state which impede the development, rehabilitation, and occupancy of affordable housing. These challenges need to be addressed by the state and assistance provided to overcome the impediments. Specific concerns are contained in the recommendation.

Recommendation 8:
Eliminate Barriers Facing New Immigrants

The State of Iowa has to reduce the barriers that new immigrants face in order for them to access quality, affordable housing.

Problem statement:
As seen throughout the state, immigrants are hired for lower-paid jobs and have occupied the poorest housing available. From rental to emergency shelter, immigrants have faced several barriers to affordable and safe housing. Service providers working directly with this population have experienced the same problems.

After the Civil War, with a population of only 92,000, Iowa became the top immigrant destination in the world. Within about 70 years, the state grew, largely because of immigration, eventually to a population of two million.

The most common barriers that this important population faces are:

- Lack of affordable, decent housing.
- Linguistic and cultural barriers.
- Discrimination.
- Lack of credit history.

- Lack of housing for families composed of many members.

Because immigrants are a strong and key labor force that brings economic growth, the state of Iowa needs to welcome new residents by improving housing services. Governor Vilsack has expressed interest in immigrants by announcing his invitation for immigrants to move to Iowa.

The number of immigrants keeps increasing, but still, many are moving out of Iowa because they cannot find decent, affordable housing.

Recommendation 9: Property Tax Rollback for New Construction

Newly constructed or substantially rehabilitated multi-family housing in enterprise zones and main street communities will qualify for the state residential rollback on property taxes.

Problem statement:

The Governor, certain legislators, and others in the state have expressed great interest in attracting young professionals to live in Iowa. The housing needs of this demographic are for apartment or condo living. Predominately, this demographic is interested in "urban housing" as evidenced by the rapid and successful growth of downtown housing in metropolitan areas in surrounding cities such as Kansas City, Omaha, and Minneapolis.

The problem is that the development cost of a market-rate multi-family development is greater than its economic value. In Iowa, the gap between economic value and development cost for market-rate multi-family properties is between \$30,000 and \$45,000 per unit. To provide market-rate young professional housing, state initiatives must be developed to close the gap.

Heretofore, state policy and programs (except for subsidized housing) are almost exclusively reserved for single-family homeowners. Property taxes in Iowa for residential property have a rollback percentage tied to them, thereby allowing the owner to pay less tax by reducing the taxable value. For-profit residential rental properties are classified differently than non-profit residential rental. For-profit owners carry a larger tax burden. Reducing the tax burden on for-profit residential housing would help close the fore-mentioned gap.

Recommendation 10: Incentives for Housing

In 1988, the State put in place a package of incentives for housing and infill development that are potentially very good, but it is time to review and revise or expand them for maximum effectiveness. Currently, it is very difficult to compile any information on how useful these incentives have actually been. These incentives include:

- State Historic Tax Credit- The current annual cap of $2.5 million only partially funded three projects in the year 2000. The cap should be removed or, at least, increased to a minimum of $20 million per year for five years.

- Housing Enterprise Zone Credits for Employers and the sales tax rebate - The employer credit is too small to be effective.

- State Low Income Housing Tax Credit needs to be transferable to allow an active market to be developed. This will cost the state no more, but put the financial benefit with the developer rather than the investor.

- Tax Increment Financing – Cities use TIF differently than small towns. Let the cities and counties determine how TIF is used for commercial or residential development and determine how much they want set aside for low- and moderate-income categories.

Detailed Recommendations Considered by the Housing Task Force

The Housing Task Force determined to focus on five broad housing issues. A committee worked to address each issue. Continuity was ensured through the Task Force recommendation template to lend consistency to the recommendations. Committee chairs and the Task Force co-chairs met regularly with staff to address overlapping and overarching questions. Numerous committee meetings were held across the state in addition to the four full Task Force meetings. Four public events offering opportunities for public input were held during this time in northeast, northwest, and central Iowa. The Housing Roundtable provided additional information and assistance to the committees and to the full Task Force.

Committees developed recommendations to address their specific issues. Within each committee, priorities were determined for the recommendations, with the top three committee recommendations brought forward to the full Task Force for consideration in the Task Force Priority Recommendations.

The Governor's Housing Task Force considered each recommendation brought forward by the five committees. The Task Force recognizes the importance of every recommendation developed during the process, and selected recommendations for action that were highest priority and had the highest potential for implementation. Following is a list of the topics of all recommendations developed and submitted by the committees, listed by committee in priority order.

These recommendations may be found in detail immediately following this listing.

Environment and Technology Committee

ET – 1 Smart Growth and Land Use Inventory *
ET – 2 RISE Funding Guidelines *
ET – 3 Public Information Campaign *
ET – 4 Historic Properties Tax Credit **
ET – 5 Brownfield Redevelopment Strategy
ET – 6 Residential Development Code Review and Best Practices

Home Ownership Committee

HO – 1 State Housing Fund/Delivery of Housing Resources *
HO – 2 Housing Opportunity Fund *
HO – 3 Increase Mortgage Revenue Bond Cap **
HO – 4 Housing Consumer Education *
HO – 5 Comprehensive Housing Information Network
HO – 6 Further Study of Significant Issues

Quality of Life Committee

QL – 1 Allocation of Resources *
QL – 2 Title Guaranty Reorganization *
QL – 3 Property Tax Rollback for New Construction *
QL – 4 Housing Agency Clearinghouse Within Iowa Finance Authority
QL – 5 Create Housing Trust Fund **
QL – 6 New Teacher Downpayment Initiative
QL – 7 New Teacher Retention Initiative
QL – 8 Rural Quality of Life Innovations
QL – 9 Community Investment Tax Credits for Towns Under 15,000 Population *
QL – 10 Eliminate or Increase Bond Cap **
QL – 11 Shaping Urban and Rural Financial Services Policies
QL – 12 Administrative Rules and Policy Audit
QL – 13 Adopt Livable Wage Policy

Rental Committee

R – 1 Establish New Funding Resources *
R – 2 Education on Benefits of Affordable Housing *
R – 3 Reduce Barriers to Affordable Housing *
R – 4 Maximizing Resources **
R – 5 One Administrative Structure for Housing Programs **
R – 6 Supportive Services
R – 7 Opt Outs and Expiring Section 8 Contracts

Special Needs Committee

SN – 1 Single Agency Administration *
SN – 2 Accessibility Standards *
SN – 3 Eliminate Barriers Facing New Immigrants *
SN – 4 Develop Statewide Housing Trust Fund **
SN – 5 Increase Funding of the Emergency Assistance Program

SN – 6 Modify Low-Income Tax Credit Program
SN – 7 Immigrant and Minority Outreach and Education **
SN – 8 Preserve HUD and USDA Project-Based Funding
SN – 9 Halting Predatory Lending

* Governor's Housing Task Force Priority Recommendation

** Committee recommendation intent is similar to Task Force Priority Recommendation that was submitted by another committee and adopted by the full Task Force

Housing Task Force Detailed Priority Recommendations

The full Task Force reviewed, discussed, and agreed to the following recommendations. Represented in these recommendations are the top priorities of each of the five committees. The following sections provide the detail of the committee's work and recommendations.

The Governor's Housing Task Force supports implementation of these ten recommendations as the core of the state's comprehensive housing strategy.

Recommendation 1: State Housing Trust Fund

Note: This recommendation was developed by combining similar recommendations arising from various committees. Please refer to the following for additional detail:

- *Home Ownership Committee, Recommendation HO-1, State Housing Fund, page 89*
- *Home Ownership Committee, Recommendation HO-2, Housing Opportunity Fund, page 92*
- *Quality of Life Committee, Recommendation QL-2, Title Guaranty Reorganization, page 104*
- *Rental Committee, Recommendation R-1, Establish New Funding Resources, page 123*
- *Environment and Technology Committee, Recommendation ET-2, RISE Funding Guidelines, page 75*
- *Quality of Life Committee, Recommendation QL-1, Allocation of Resources, page 103*

Create a State Housing Trust Fund. To maximize effectiveness, reduce overlap, standardize paperwork, and increase accountability, all state funding for housing should flow through a single State Housing Trust Fund. The Trust Fund should be legally established to provide that when loans are repaid and interest earned, they are deposited in the fund to be recirculated. The Fund should be staffed and administered by a single state department that coordinates housing and community development programs of Iowa Finance Authority (IFA), Department of Economic Development (DED), Department of Human Services (DHS), and Department of Elder Affairs (DEA) and should not charge the Fund for salaries or overhead. The Fund should be held separate from federal funds so as not to attach federal requirements for serving only low-income persons. The primary strategy for use of the funds would be to leverage private and governmental financing. Generally, monies in the fund should be available for housing and community development; home ownership and rental; and income-restricted and market-rate in "stagnant" housing markets.

- All the uses in 16.100 (IFA's) Housing Improvement Fund, including Housing Assistance Fund, Local Housing Assistance Program and Down-Payment and Closing Cost assistance.
- Incentives for supportive service packages provided by private sector and government for transitional and permanent housing specifically including persons with mental disabilities, new immigrants, and persons with AIDS.
- Technical assistance for developers, local governments and neighborhoods, faith-based groups, and industry;
- Investments in Iowa Equity Fund and Community Development Financial Institutions, Financial Assurance programs for high risk tenants.
- Training programs for young Iowans and immigrants which are housing and community development related.
- Matching funds for employer-assistance and federal programs including HOME, HOPWA
- Education programs on housing programs, predatory lending, financial literacy, and tenant and landlord training.
- Neighborhood development through recreational, cultural, and essential commercial facilities.
- Grants or loans to emergency shelters and transitional housing.

Agencies, organizations, and other entities involved:

- Iowa Finance Authority – Lead
- Governor's Office
- Iowa Legislature
- Iowa Department of Economic Development
- Iowa Department of Elder Affairs
- Iowa Department of Human Services
- Iowa Department of Cultural Affairs

Recommendation 2: Single Agency Administration

Consolidate the administration of all state-funded housing programs within one state agency.

Relationship to mission:

By consolidating the administration of all housing programs within one agency the State of Iowa will be able to more effectively and efficiently use limited resources.

Problem statement:

This recommendation is being made so that limited housing resources may be used more effectively and efficiently. At present, there are two state agencies that administer the bulk of the state's housing resources. These two agencies are the Iowa Department of Economic Development (IDED) and the Iowa Finance Authority (IFA). A consolidation of housing resources under one of these agencies (or a new agency) would allow for the following:

- A singular "vision" of housing needs and goals.
- Coordinated use of available housing resources.
- Streamlined application process.
- Consistent project administration.

Parties affected by this recommendation would include IDED and IFA employees, legislative and administrative offices, organizations seeking funding (for-profits, non-profits, partnerships, units of local government, etc.), and low-moderate income Iowans.

There should be no increased cost to taxpayers to implement this recommendation. In fact, the administrative costs for implementing housing programs may decrease. Also benefiting from this recommendation are the numerous applicants for housing projects, since a streamlined process for requesting funds and project monitoring will be contained within one agency.

Barriers to implementing this recommendation include resistance to change or reorganization. This could include such things as bureaucratic and inter-agency "turf" battles.

If this recommendation is not implemented the status quo of a disjointed housing effort and duplicative administration of programs will continue.

Expected outcomes:

Short Term (1 – 3 years)

- All housing resources would be recommended to move under one state agency which would take approximately one year after approval from the Governor's office and/or the state legislature.
- Within two years the administration of all state housing programs would be integrated into one state housing agency.
- This state housing agency (within 2.5 years) would be charged with working with citizens, housing developers, funders, financial institutions, and others in the development of new funding resources (such as a State Housing Trust Fund).

Long Term (more than 3 years)

Longer-term outcomes will be as follows: 1) coordinated delivery of housing resources, 2) more efficient administration of projects, and 3) more housing developers becoming involved in the affordable housing market.

Steps needed to implement recommendation, including time frame:

- January 2001 Initiate combination of housing programs (Governor's office).
- Feb.-April 2001 Legislative rule changes (state legislature).
- May-Oct. 2001 Agency planning (IDED and IFA).
- Nov.-Dec. 2001 Complete consolidation.
- January 2002 Begin 2002 Funding Cycle.

Agencies, organizations, and other entities involved:

The implementation of this recommendation will require close cooperation between many players, especially IDED and IFA. The leadership needed to initiate and guide this recommendation should come from the Governor's office, with the approval of the state legislature.

Benchmarks:

Measures of progress:

1. Adoption by the Governor's office.
2. Legislative approval.
3. Public hearings and input.
4. Creation of a combined housing agency or a new agency.

Specific events and time frame in which to accomplish these events:

1. Legislative approval (Jan-April 2001).
2. Agency planning – IDED and IFA (May-Oct 2001).
3. Complete consolidation (Nov-Dec 2001).
4. Begin 2002 funding cycle (Jan 2002).

Resources needed:

The biggest resource needed is time. It will take many hours of staff time to implement this recommendation. The time invested to implement this recommendation should be returned many times through time savings gained by the efficiencies achieved by this recommendation. No additional resources or technology are anticipated to be needed.

Impact on other housing issues and programs; impact on non-housing issues:

The impact on housing programs will be great. This new way of administering the state's housing resources should coordinate very closely with the adopted state housing policy and priorities.

Accountability:
The responsibility of implementing this recommendation should come from the agency or office that has been identified as the lead. Completing this recommendation will require a legislative effort of both the Governor's office and state. If this recommendation is not adopted or approved by the Governor's office, (one of the possible starting points) there would not be the vehicle available to citizens or other interested parties to insure the recommendation is moved forward.

Recommendation 3: Housing Public Education and Information

Note: This recommendation was developed by combining similar recommendations arising from various committees. Please refer to the following for additional detail:

- *Rental Committee, Recommendation R-2, Education on Benefits of Affordable Housing, page 129*
- *Environment and Technology Committee, Recommendation ET-3, Public Information Campaign, page 76*

Iowa must develop a comprehensive public education and information effort that emphasizes the necessity and positive benefits of affordable and safe housing, promotes community involvement and awareness in housing policy and initiatives, and gives attention to critical health and safety issues in housing construction, renovations, and maintenance.

Problem statement:
For a number of years, considerable discussion has taken place about "housing needs" throughout the state of Iowa. As a result, there have been a variety of efforts by public, private, and non-profit organizations to address this critical shortage. For the most part, there has not been a comprehensive statewide strategy to implement a planful process. As a result of the Governor's directive, the Iowa Finance Authority initiated a public/private citizen Task Force to develop a strategy.

In order to be successful in the implementation of the Task Force's policy strategy, the public needs to be engaged and involved to promote health and safety, new construction, renovation, rental, and special needs housing. Historically, much of the information was driven by key agencies and organizations, and the public was not involved in the public discussion to address Iowa's housing issues. Involving the public in discussion of all types of housing issues, is critical. One example is the need to address the rate of lead poisoning in Iowa that is three times the national average.

Relationship to mission:

This recommendation provides the vehicle to drive the Task Force's mission out into the public discussion. In addition, it addresses the improvement of quality and safe housing, through public involvement, throughout the state of Iowa.

Expected outcomes:

Creating a statewide education program will bring accurate information to the public debate on affordable housing and ultimately support the Governor's comprehensive housing plan for the state. This program must be developed to promote community and policymaker understanding, as well as engagement and support of policy. A currently-successful program exists in the state of Minnesota called "Housing Minnesota." It provides numerous opportunities to promote awareness of the important, but often misunderstood, challenge of increasing affordable housing.

Another example of an outcome from this public information and education effort will be around safety issues. Lead paint in houses built prior to 1960 continues to poison Iowa's children. This recommendation encourages the State of Iowa to undertake a public information campaign to educate property owners, tenants, and contractors about the importance of maintaining lead-based paint in good condition and using safe work practices when disturbing lead-based paint. This will improve the quality and safety of Iowa's older housing, which will reduce the prevalence of lead poisoning among Iowa's children.

Short and long term outcomes:

In the first year following the submission of the Task Force report, there will be an effort to present to the public, through a variety of venues, the content of the Task Force report, as well as initiatives to implement the Task Force recommendations.

The Iowa Finance Authority, in cooperation with public and private organizations and entities, will develop and deliver a broad-based public education and information plan to address the following groups:

- The general public
- Iowa Legislature
- Local elected officials
- Contractors, homebuilders, renovators
- Developers
- Housing advocates
- Media

Agencies, organizations, and other entities involved:

- Iowa Finance Authority – Lead Agency
- Iowa Department of Public Health
- City and County Health Departments

- Iowa Broadcasters Association
- Iowa Newspaper Association
- Iowa Department of Economic Development
- City Housing Agencies
- Regional Councils of Governments
- Chambers of Commerce
- Professional Developers of Iowa
- Public Housing Authorities
- Rural Development Council
- Des Moines Office of the USDA Rural Development Agency
- Landlords of Iowa and Iowa Landlords Association

Recommendation 4: Accessibility Standards

The State of Iowa shall adopt the accessibility standards of the federal Fair Housing Act (FHA) of 1988 and the Federal Americans with Disabilities Act (ADA) of 1990.

Relationship to mission:
By adopting the Accessibility Standards of the federal FHA and ADA, Iowans with disabilities will have a greater chance of finding more accessible multi-family housing throughout the state of Iowa.

Problem statement:
The Special Needs Committee discovered the only current method of enforcing the accessibility requirements of the FHA and the ADA is through reactive administrative complaints or lawsuits filed against developers, architects, and government building inspectors. Currently, the Iowa Fair Housing Statute, as well as the federal FHA and municipal FHA ordinances, requires that, to be covered, multi-family dwellings be designed and constructed to provide accessible housing for persons with disabilities.

It has been shown that many new multi-family dwellings in the state are not being designed and constructed in compliance with the state or federal accessibility standards. Building code inspectors who review construction plans and specifications for multi-family housing are generally looking only for compliance with building ordinances, and not for the compliance with FHA guidelines. Of the 900 Iowa communities that responded to a 1999 community survey by the Iowa Civil Rights Commission, 600 indicated that they did not review the new construction building plans for multi-family housing units to determine whether the units are accessible to persons with disabilities.

Likewise, architects and builders have the mistaken impression that since cities approve their plans and issue building permits, all relevant requirements for accessibility have been met. Between January 1992 and January 1998, it would appear from the community survey, that only 9% (202/2,295) of the multi-family housing constructed in Iowa, received a handicapped review certificate. It should be noted that some of the building permits issued might have been for duplexes and triplexes that are not required to receive a handicapped review certificate. It is also well recognized that the vast inconsistencies between municipal building codes in Iowa causes an enormous amount of confusion with architects and builders, and accessibility becomes nonexistent.

The general consensus, too, is that the FHA accessibility standards are not seriously heeded by state building code officials or local building inspectors. It appears that both of those government authorities tend to view accessibility mandates as negligible construction specifications. Likewise, the potpourri of local building codes around Iowa lends itself to noncompliance with the FHA accessibility requirements. In most cases, the only method of enforcing the accessibility guidelines of the FHA is through state or local civil rights administrative litigation.

Although the Iowa Civil Rights Act is ready to impose the same accessibility mandates as the federal FHA, generally, no state or local civil rights agency officially reviews construction plans, or conducts on-site inspections for compliance with this law. However, after an apartment building is designed and constructed in non-compliance with accessibility standards, civil rights agencies can prosecute fair housing complaints against the architects and builders involved.

There is currently a gross lack of funding at the state Fire Marshal's Office to oversee, monitor and enforce this recommendation and/or existing accessibility laws. Thus, many of the laws are not being enforced and/or are not addressed in a timely manner.

Expected outcomes:

Short term (1 – 3 years)

The short term goal over a period of one year would be to form a working group to explore a procedural mechanism for ensuring that all multi-family building codes in Iowa are uniform and comply with the FHA and the ADA. A comprehensive set of model codes regulating all aspects of building design and construction of multi-family housing have been adopted in many other states, and are readily available for consideration by the working group. The Iowa Legislature should adopt the federal Fair Housing Act no later than April 2002. In year three, training should be provided to local building code officials as well as developers and building contractors of multi-family dwelling units.

Long term (more than 3 years)

The long term goal for year four and beyond is to ensure that all multi-family housing built in Iowa is accessible, cost-effective, and safe. Human/Civil Rights Commissions and Independent Living Centers (ILC) across the state will be provided training to conduct on-site inspections of new construction for accessibility requirements and report the results of the inspection to their local and state civil rights agency for any follow-up or action required.

Steps needed to implement recommendation, including time frame:
Hold a statewide ICN conference with advocacy groups for the disabled, city building code officials, building industry representatives, architects, state fire marshal, and civil rights officials to gain a consensus on the matter. The working group will be able to discover the extent of the problem of multi-family housing that has been built since 1991 which is unusable by people who have disabilities.

Thereafter, form a drafting committee open to anyone who wants to participate, with the charge that they draft a model building code for review by the Governor and key legislators. The model code should contain a workable statewide accessibility regulatory scheme that will ensure adequate enforcement of existing FHA requirements, and minimize the cost and burden of local administrative implementation.

Agencies, organizations, and other entities involved:

1. The state fire marshal office.
2. State and local civil rights representatives.
3. The state building code commissioner.
4. The director of the Commission of Persons with Disabilities
5. Private sector architects
6. Private sector builders and developers.
7. County and municipal building officials.

Benchmarks:
The ICN conference should be conducted between December 2000, and April 2001 to better define the accessibility problem. Governor Vilsack should establish a working group by April 2001, with the charge of providing a final report by December 2001.

Resources needed to implement recommendation, and suggested source:

- Since the ICN is available, the working group can meet via teleconference, thus saving travel time and cost. The final report could be printed through a state agency.
- Increase funding for the fire marshal's office for oversight and monitoring of this recommended policy change.
- Provide funding resources for the human/civil rights commission and/or independent living centers to provide education on accessibility needs and laws.

Impact on other housing issues and programs; impact on non-housing issues:
Unlike other forms of housing discrimination, inaccessible housing becomes a malicious institutionalized form of discrimination directly affecting the disabled. The traditional means to redress housing discrimination is by filing court actions or administrative complaints. In

the long term, such legal recourse becomes an inadequate and costly method for preventing future discrimination against the disabled. Even then, non-compliant properties may be so inaccessible that they cannot be retrofitted to meet the FHA accessibility standards.

The working group will assimilate the type of educational and technical assistance resources needed by public bodies, architects, builders, and developers to comply with the FHA. More importantly, a single statewide comprehensive multi-family housing code will resolve the confusion associated with the FHA accessibility provisions, and provide quality, cost effective, safe, affordable accessible housing for seniors and the disabled.

Accountability:
The Iowa Finance Authority should be responsible for oversight of the working group and the final committee report. The state building commission's department should be ultimately responsible to make sure the uniform code recommendation is addressed and implemented. The lack of a statewide uniform code will perpetuate non-compliance with the FHA accessibility mandates.

Recommendation 5: Smart Growth Land Use Inventory

Under the direction of the appropriate supervisory body, conduct a systematic digital land use inventory of all land use in the state of Iowa, with such detail as the multi-discipline supervisory body (representing all levels of state and local government and the private sector) determines.

Relationship to mission:
Housing, as a component of a healthy Iowa, is generally a local activity and will continue to be decided on the local level. Land use decisions significantly impact other geographic areas and other potential uses. All levels of government impact the land use decision process. Creating and maintaining a complete inventory of land use in Iowa would use technology and scattered information to provide local, regional and state leaders with information to make appropriate decisions related to housing and other sectors of the Iowa economy.

Problem statement:
More populous states and growing metropolitan areas are experiencing growth into areas that were long agricultural, wilderness and otherwise lightly-populated. Many adverse factors are attributed to this type of growth. With respect to land use in Iowa, it has been estimated that every seven years, an area approximately equal to the area of one Iowa county is converted to residential, transportation, commercial, industrial, or similar uses. At this rate, one would assume that today's spreading growth is not a problem in Iowa. The

data supporting the estimated conversion of agricultural/open space are difficult to obtain and an in-depth analysis of Iowa land use is necessary to establish the new millennium benchmark and to measure future changes in land use. Critics of conclusions regarding the spreading of growth (frequently referred to as urban sprawl) often challenge the adequacy of the data used by those claiming adverse consequences.

Despite the importance of agriculture to the health and vitality of Iowa, and to the economic well-being of all citizens, recent judicial decisions have undermined potentially useful tools to protect agriculture from encroachment. Continued conflict between the agricultural producers of the state and encroaching residential uses is to be expected. Levels of government lack cohesive, detailed data and information to identify appropriate areas of the state to target preservation for agricultural production through alternative incentives and the appropriate balancing of state laws.

Expected outcomes:

Short term (1 – 3 years)

Depending on the scope of detail ultimately selected by the supervisory body, a complete digital land use inventory of the state of Iowa will:

1. Produce reliable data on the current uses of land in the state,
2. Reveal the potential uses that remain within the corporate limits of existing cities,
3. Identify specific areas where land use has reached benchmark levels to enable the decision makers to determine whether specific action to preserve a balance of uses is warranted,
4. Identify the degree to which agricultural uses are interspersed with non-agricultural uses that impair agricultural production,
5. Reveal the areas that are currently protected from intensified usage by virtue of public ownership, existing use restrictions, and other factors,
6. Measure the density of current usage,
7. Quantify the amount of land that is devoted to transportation,
8. Quantify the amount of land that is currently restricted from use by virtue of actual or anticipated use as waterways,
9. Provide data on the types of use within jurisdictions that do and do not practice land use techniques,
10. Reveal the potential for interlinking of open space and recreational areas,
11. Identify the impact of development on future agricultural production in Iowa,
12. Identify the impact of development on strategic needs (e.g., safe water) within Iowa,
13. Locate populated areas that are not appropriately served by available utilities (e.g., natural gas or public water),
14. Locate and identify the scope of brownfields in Iowa, and
15. Identify the density of land uses.

The first year should be used to design and test the format, select the priority counties and areas, and arrange for full implementation. The second and third years should be focused on the counties that are currently experiencing growth to better aid those areas in future land use decisions.

Long term (more than 3 years)
Three years should be an adequate amount of time to make significant progress in preparing a statewide land use inventory. The project should be completed within no more than five years. The initial priority is those areas that are currently growing. The remaining counties should be inventoried by the end of the fifth year.

As a part of the statewide land use inventory design, potential impacts upon other land uses should also be considered. Productive agricultural areas that meet stated criteria might be considered for additional protection via incentives and, if necessary, prohibitory legislation. As an example, an enhanced tax incentive to place contiguous property into a conservation easement might discourage development detrimental to agricultural areas. The incentive might be adjusted to reflect larger quantities of land placed into a protective classification. In addition, state law should address the ability of local government to condemn the rights associated with the easement.

Steps needed to implement recommendation, including time frame:

- Select lead agency or oversight authority (perhaps a citizen-based Iowa Land Use Inventory Authority).
- Solicit private and federal funding and state appropriations.
- Select participants from state and local government and the private sector to help design the inventory.
- Select appropriate level of detail for inventory.
- Determine capacity of units of government to assist in assembling the data and revise inventory design as needed or determine strategy to enhance capacity of units of government.
- Determine if financial support or rewards to units of government are necessary or appropriate.
- Select appropriate service provider.
- Begin development of inventory.
- Oversee the maintaining and upgrading of inventory as areas are completed.

Agencies, organizations, and other entities involved:

- Federal government (various, including US Geological Survey, Environmental Protection Agency, Department of the Interior).
- State government (including Department of Agriculture and Land Stewardship, Department of Natural Resources, Department of Education, Department of Public

Health, Department of Public Safety, Department of Revenue, Department of Transportation, Department of Economic Development, state universities).
- Local government (including cities, counties, Councils of Government (COG), schools, community colleges).
- Private sector.

Benchmarks:
Progress will be demonstrated by the completion of the inventory design, the implementation of the design, and reporting of the information in appropriate detail.

Resources needed to implement recommendation, and suggested source:
- Oversight staff knowledgeable in appropriate fields.
- Private funding from organizations and foundations.
- Federal funding.
- State funding (including real estate transaction fee increase).
- Local funding of local system enhancements that might be necessary.
- County auditor staff to oversee maintenance of inventory information.
- Local assessors or other local units of government.

Impact on other housing issues and programs; impact on non-housing issues:
The inventory would be expected to give sufficient detail with respect to alternative forms of housing, land use associated with each, number of units, and other information to determine with a level of confidence that the data are sufficiently complete to produce reliable conclusions.

Depending on the design parameters, the information produced could establish:
1. The number of dwelling units of various design and ownership (e.g., manufactured housing in leased communities or on separate land parcels; multiple-family rental and multiple-family owner-occupied),
2. The proximity of dwelling units to minimum levels of service (including economical and safe utilities, fire protection, healthcare, K-12 education, multiple-lane roadways, rail and air transportation, groceries),
3. The areas where separate population centers are converging and the level of planning for such convergence,
4. The approximate amount of the state's land area that is covered by structures, roadways or other surfaces (e.g., driveways), and
5. Other information useful to providing governmental services.

Accountability:
Accountability would be established through the composition of and authority given to the body selected to provide initial design review and to oversee the implementation. The body

may be comprised of staff and elected or appointed representatives of various governmental bodies.

An annual report of the progress on completing the entire process and the maintenance of the inventory should be made to the executive and legislative branches of government.

Obtaining private funding will impose additional reporting requirements and provide separate oversight.

If the recommendation is not acted on, the various uses of Iowa land will continue until such time as it becomes more expensive to implement a complete inventory. In addition, decision makers will continue to be reacting to external forces without the benefit of adequate data for determination of policy issues.

Haphazard efforts by local government to measure the impact of external and internal forces will provide no guidance for anticipatory decision-making.

Recommendation 6: Housing Consumer Education

Note: This recommendation was developed by the Home Ownership Committee and is listed as HO-4 on page 97. This Task Force Recommendation 6 also includes components of Special Needs Committee Recommendation 4, which is detailed on page 159.

Housing Education Program – Expand and aggressively market programs that result in better-educated housing consumers, including outreach and education to immigrants and minorities. Components include:

- Home ownership education.
- Renter education.
- Financial literacy.
- Predatory lending.

Relationship to mission:

- Helps consumers appropriately access the housing market
- Improves and stabilizes the housing environment
- Recent studies show that the number of immigrants in the state has increased 90% within the last decade. A housing education program that reaches out to immigrants and minorities will increase the number of families that will permanently reside in Iowa. This program must be strategic, focused, and attractive.

Problem statement:

Iowa's citizens lack knowledge both in financial areas and in home ownership. Many majority and minority persons are not knowledgeable about their housing options, programs available, ability to buy a home, and what is needed to purchase a home. Reports from IFA show very few minorities use IFA programs to purchase homes. Problems of culture and language differences make the transition to home ownership even harder.

Minority and low- to moderate-income homeowners are often the first targets for predatory lending. Lack of personal financial knowledge contributes to an increase in predatory lending and financial stress that can mean the difference between homeownership and homelessness.

Expected outcomes:

Short term (1-3 YEARS)

- Predatory lending begins to decrease.
- Homebuyers are better prepared for the problems of home ownership.
- More stable renters.
- More stable transition from rental to home ownership.
- High school graduates have more financial literacy.

Long term (3+ YEARS)

- Predatory lending continues to decrease in Iowa.

Steps needed to implement recommendation, including time frame:

- January 1, 2001 – Request that IHOEP (Iowa Home Ownership Education Project) coordinate financial literacy and home ownership education programs with a special outreach to the minority communities.
- July 1, 2001– IOWAccess page should link to a variety of home ownership readiness programs.
- September 1, 2001 – Promote financial literacy classes for high school students and new Iowans.

Agencies, organizations, and other entities involved:

IHOEP is the lead agency for home ownership and financial literacy, and links with housing resource agencies such as Iowa State University (ISU) Extension, Iowa Mortgage Bankers Association, Iowa Bankers Association, and Iowa Department of Education. Collaborate with faith-based and community organizations that work with target populations – minorities, female-headed households, and new Iowans. Collaborate with employer-assisted housing programs throughout the state.

would simply be asked to evaluate each tenant on his or her own merits, rather than relying on prejudice. Landlords would need to complete some paperwork to participate in the program, but the administrative burden is minimal. HUD has eliminated program requirements that were perceived as disincentives for landlords to participate, so that, now, voucher tenancies are practically identical to other tenancies.

The resources needed to adopt the proposed legislation would be minimal. Other states have experience with this issue, and their laws and court decisions would be instructive. The resources needed to enforce the anti-discrimination provision would be incremental, since the Iowa Civil Rights Commission already enforces fair housing laws.

2. Iowa should require good cause for termination in manufactured housing parks.

Iowa should enact an amendment to Chapter 562B of the Iowa Code to require good cause for termination of the rental agreement for a manufactured housing space. Manufactured housing is sometimes the only affordable housing available to Iowans. Few people who own a manufactured home also own the site on which it is placed. This population is vulnerable to the loss of affordable housing through unfair eviction. Changing the law to require good cause for termination of the rental agreement on a manufactured home space will improve the affordable housing environment in Iowa, and prevent the loss of resources which occurs when a manufactured housing tenant is forced to move his or her home without good cause.

Although a manufactured home is often referred to as a "mobile home," the only trip such a home usually makes is from the factory to the manufactured home park. The costs of moving even a relatively small manufactured home can be prohibitive, given the resources usually available to residents of manufactured housing parks. In addition, there is a shortage of spaces for manufactured homes, and zoning laws may restrict the number of spaces which will become available. Given the expense of some manufactured homes, the scarcity of spaces for them, and the expense of moving the unit, it is inevitable that these homeowners will feel helpless to resist rent increases, unreasonable rules, or unfair practices. Some owners will be forced to abandon the unit, thus losing their investment and their home. Others may be able to move the unit, but will lose the resources required to move the unit, which can total thousands of dollars. At present, Iowa's mobile home park statute, Chapter 562B, does not require that termination of a rental agreement be for good cause. The Iowa Supreme Court interpreted Chapter 562B in the case of *Sunset Mobile Home Park v. Parsons*, 324 N.W.2d 452 (Iowa 1982). The court ruled that Iowa's statute does not require good cause for termination of the rental agreement for the mobile home park space. A legislative change would be required to provide protection from unjust eviction for manufactured housing owners.

It is anticipated that some of the long-term effects will be that the resources of low- and moderate-income Iowans will be used more efficiently, in that manufactured housing owners will not have to risk the loss of their investment, or the loss of thousands of dollars spent on unjust evictions. A reduction in forced moves will strengthen families, prevent disruption of educational experiences for children, and give some measure of comfort and stability to elderly residents of manufactured home parks. It will provide balance between landlords and tenants, and provide an opportunity for the parties to negotiate about park conditions, leading to improved conditions in manufactured home parks. This, in turn, may lead to a greater acceptance of manufactured home parks, which may reduce the restrictions on the development of additional manufactured home parks. This will improve affordable housing options for low- and moderate-income Iowans.

The resources to produce proposed legislation would be minimal. The majority of states already require good cause for termination. The statutes of other states could be reviewed, as well as the Manufactured Home Owner's Bill of Rights. There would not be any costs to implement the new law, since park owners would simply refrain from evicting manufactured home owners without good cause.

3. Iowa should create a deposit assistance program.

Iowa should enact legislation to provide for a fund to assist low-income renters with rental deposits. Counties would receive funds based on population. Each county could determine the agency which would handle the funds. Limits would need to be set on the amount of the assistance which could be obtained, possibly linked to the fair market rent for the area. Limits would also need to be set on how often an applicant could access the fund. At the end of the tenancy, the remaining funds could be remitted to the agency that disbursed them, replenishing the fund.

Several years ago, Iowa amended its landlord-tenant statute to permit landlords to charge up to two months' rent as a deposit, instead of one month. Therefore, tenants may be asked to pay the equivalent of three months of rent before they can move in. For some low-income renters, especially those in homeless shelters or domestic violence shelters, this poses an impossible hurdle. In addition, Section 8 voucher holders now must pay deposits just as any other tenants. (Until the past several years, the program took into account the problems faced by low-income tenants in obtaining money for deposits and set the deposit at the amount of the tenant's share of the rent. Landlords were protected against loss because they could make a claim against the housing agency if damages exceeded the deposit.) There are very few sources of assistance for deposits. Families that are eligible for FIP can sometimes obtain emergency assistance for deposits. The Emergency Shelter Grants Program may be used to help with deposits. For the vast majority of low-income renters, however, there is no help. A low-income family may obtain a Section 8 voucher which would reduce the rent to $200 per month, but be unable to take advantage of this benefit because it cannot afford to pay $1,200 for a deposit (2 X $600).

Initially, the Legislature would need to appropriate funds to start the program. Over time, funding for this purpose might come from the interest on tenant rental deposits. Right now, landlords are required to keep deposits in a separate account. The interest on the deposits goes to the landlord for the first five years. If a tenant is in the unit longer than that, the interest goes to the tenant. Iowa could change this so that the interest goes into a fund, much like the Interest on lawyers trust accounts. The money generated could help pay for a deposit assistance program. Landlords with only a few units could be exempted from this provision.

4. Iowa should eliminate the present mechanism which allows 20% of nearby property owners to force a "super majority" vote of the city council to re-zone property for housing.

Iowa law presently facilitates the "not in my back yard" (NIMBY) response when a housing project is proposed. Only one or two nearby property owners can force the vote of the city council to be a three-fourths vote, instead of a simple majority. Although adjacent landowners should have an opportunity to be heard on this or any zoning issue, this right must be balanced with the needs of the greater community. As the statute (414.5) is written, it creates a significant level of additional risk for developers and serves to discourage housing development. Eliminating this provision with respect to housing will encourage the development of affordable housing, and will in turn encourage private and public development initiatives, attract investment capital, and produce additional housing opportunities for low- and moderate-income Iowans.

5. Iowa should create a risk-reduction insurance program to assist certain low- and moderate-income tenants.

Some tenants have made mistakes in the past that continue to haunt them for many years. Even though they may have made significant changes in their lives, they may still have a difficult time finding rental housing. Iowa should create a pilot program of risk reduction that will provide landlords with protection against the loss of rental income or tenant damages. Tenants who wish to participate in this program would pay an additional fee each month to a fund. The fee could vary depending on the risk factors. Landlords who wish to rent to tenants in this program would be protected to a specified limit for losses from unpaid rent or damages. Landlords could receive background information about the tenant at no charge, and have units advertised to tenants at no charge. The funds for the program would come eventually from tenant payments. An initial appropriation would be needed to set up the program.

6. Iowa will facilitate the production of units accessible to persons with disabilities.

The study prepared by Heather MacDonald, PhD for the Housing Task Force demonstrated that persons with disabilities are among those with the greatest need. It is believed that most of the 19,964 disabled persons identified by Dr. MacDonald have a housing problem. The number of accessible units designated for persons with disabilities totals fewer than 400 for the entire state (subsequent data provided by MacDonald). This is clearly a segment of the population that has been underserved by our housing programs.

Affordable, accessible housing units need to be specifically reserved for persons with disabilities because simple adherence to the Fair Housing Act does not ensure that those units are rented to persons with disabilities. The attempts by current programs to award points to projects with a greater number of accessible units or accessible features has not resulted in actual occupancy by persons with disabilities. Additionally, because persons with disabilities often require specialized housing, simply providing more affordable housing will not meet their needs.

All state agencies that provide funding for affordable housing development should be involved in the creation of the rules that will permit units, developed under all programs, to be reserved for the disabled. The solution will be most effective if it is widely implemented, across all housing funding sources. The inclusion of all state housing funding agencies is also important because most projects will utilize more than one funding source. Conflicting rules between programs may inhibit successful implementation. This recommendation should require very little in terms of additional funding.

7. Iowa should clarify the proper procedures for the valuation of affordable housing.

Assessments of affordable rental housing projects currently vary widely. Many assessors base value on conventional market-rate models. Other assessors value projects based on development costs. Still others add valuation for the amount of the tax credits and other public subsidies received by the project. They are not required by present law to consider the restrictions of value imposed by long-term restrictions on use, such as an agreement to restrict the units to certain income groups for 15-35 years, and the increased costs of operation owing to state and federal requirements. The result too often is that the units are taxed at a rate that the project cannot absorb. Money which should go to tenant service or to a maintenance fund is diverted to pay artificially high taxes.

Unfair real estate valuation procedures jeopardize the ongoing economic viability of projects created in recent years under the Federal Low-Income Housing Tax Credit program. Excessive real estate valuation can discourage the development of needed affordable housing and contribute to mortgage defaults or poor maintenance. In essence, excessive real estate valuation can jeopardize the significant investment the state has in affordable rental housing.

Recommendation 8: Eliminate Barriers Facing New Immigrants

The State of Iowa must reduce the barriers that new immigrants face in order for them to access quality, affordable housing.

Relationship to mission:

The number of new immigrants moving to Iowa has increased almost 90% within the last decade. Reducing the barriers faced by Iowa's immigrant population is urgently needed if the state is to retain Iowa's current immigrant workforce as well as attract new immigrants to the state. This recommendation is relevant to the Task Force's mission of assisting all Iowans to secure safe, decent, and affordable housing.

Problem statement:

Throughout the state, immigrants are hired for lower-paid jobs and have occupied the poorest housing available. Be it permanent (i.e., rental and homeownership), transitional, or emergency housing, immigrants have faced several barriers to safe, decent, affordable housing. Service providers who work directly with this population have experienced the same problems.

After the Civil War, with a population of only 92,000, Iowa became the top immigrant destination in the world. Within about 70 years the state grew, largely because of immigration, to a population of two million. Today, Iowa's immigrant population does not only include individuals and families arriving from other countries, but also Native Americans who are migrating from reservations to metropolitan areas in search of better employment opportunities.

The most common barriers that this important population has faced are:

- Lack of affordable decent housing.
- Linguistic and cultural barriers.
- Discrimination.
- Lack of credit history.
- Lack of housing for families composed of many members.
- Lack of assistance from service providers of the same cultural background.

Over the last two decades, immigrants have been a vital part of the labor force contributing to the state's economic growth. Governor Vilsack has recognized the important role immigrants play in the state's population, economic vitality, and cultural diversity by announcing his invitation for immigrants to move to Iowa. Because immigration results in a strong and key labor force that brings economic growth to Iowa, the state of Iowa needs to welcome these new residents by improving housing availability, conditions, and affordability.

While the number of immigrants continues to increase, many immigrants are also moving out of state because they cannot find decent, affordable housing.

Expected outcomes:
Like the Hispanic population, most of these immigrants have a strong work ethic and their priority is to build strong families. By addressing the barriers faced by immigrants to accessing safe, decent, and affordable housing, immigrants will become more self-sufficient and continue to enhance Iowa's strong tradition of work and family.

The State of Iowa shall eliminate these barriers to housing by:

- Targeting state resources to address the need for decent, safe, and affordable housing.
- Educating publicly-funded permanent housing, transitional housing, and emergency shelter programs on the need for cultural awareness training among staff.
- Prohibiting publicly-funded permanent housing, transitional housing, and emergency shelter programs from denying housing and/or services due to lack of bilingual staff.
- Enforcing existing state and/or federal laws that bar discrimination by housing providers and lending institutions based on race or ethnicity.
- Developing models of housing counseling, financial literacy training, and service provision that utilize culturally diverse staff.
- Acting to stop the practice of landlords charging rents to immigrant families that far exceed the rent levels charged to non-immigrant families.
- Encouraging the informant of local housing inspection standards that allow landlords to rent unsafe housing to immigrant households.

Agencies, organizations, and other entities involved:
To adequately provide the services to the needs of this population, the following organizations must be involved:

- State: Governor's Office, Iowa Department of Economic Development, Division of Latino Affairs, Iowa Department of Human Rights, Iowa Legislature, Department of Human Services, Office of the Attorney General.
- Federal: Housing and Urban Development, USDA Rural Development, Department of Justice.
- Local: City Councils, Boards of Supervisors, Councils of Government (COG)
- Public/Private entities: Banks, Realtors, Fannie Mae, Federal Home Loan Bank, Employers recruiting immigrant workers.
- Non-profit organizations providing housing services and/or working directly with migrants.

Benchmarks:

- Increase in the number of immigrant households becoming homeowners.

- Increase in the number of immigrant households securing safe, decent, and affordable rental housing.
- Decrease in the number of immigrant households turned away from emergency shelter or housing assistance due to cultural or linguistic barriers.
- Increase in the number of agencies providing home ownership counseling and financial literacy training to immigrant households.
- Decrease in the incidence of homelessness among immigrant households.

Resources needed to implement recommendation, and suggested source:

- Financial and staffing resources to convene an immigrant housing task force to further clarify housing needs and oversee the implementation of the recommendations in this section. That task force should be dominated by representatives of Iowa's immigrant and migrant populations (i.e., Hispanic, Bosnian, Native American, Asian and Pacific Islander, and Sudanese).
- Increase in state funding resources for housing production/rehabilitation, housing services (i.e., homeownership counseling, financial literacy training, supportive services), cultural diversity training and bilingual staffing of publicly-supported permanent housing, transitional housing, housing services, and emergency shelter.
- Coordination among agencies receiving housing services funds (e.g., Iowa Homeownership Education Project, various non-profits engaged in homeownership counseling and financial literacy training).
- Inclusion of information on housing availability, homeownership counseling, emergency housing/services resources in other immigrant-focused initiatives (e.g., Immigrant Welcome Centers, Urban Indian Centers, Model Cities initiative).
- Division of resources/activities among appropriate state agencies to ensure that fair housing and anti-discrimination laws are enforced; housing inspection standards are enforced; fair lending standards are enforced; consumer protections against exceedingly high rents are enforced; and publicly funded entities are not turning away immigrants due to cultural or linguistic barriers.
- Greater commitment of resources to housing by employers targeting immigrants as employees.

Impact on other housing issues and programs; impact on non-housing issues:

The impact of having improved housing services for immigrants will allow the increase of housing development, the rehabilitation of deteriorated housing, and the decrease of homelessness.

There is a growing number of communities in Iowa where a significant percentage of the population is immigrants, and their living conditions are the poorest. Housing is a very important issue in every family, and without it, it is very hard to achieve complete self-sufficiency.

The result of this will be a vital component for the state's economical growth.

Accountability:

In light of the Governor's recently-announced initiative to attract immigrants to Iowa, it is vital that the Office of the Governor be directly accountable to ensure positive results of this recommendation.

The following will result if program is not implemented:

- Immigrants may leave the state in search of better housing opportunities.
- Homeless rates will keep increasing.
- Abusive leasing and discrimination complaints will rise.
- Opportunities for economic development will decrease.
- Families will continue living in unhealthy, poor, deteriorated housing conditions.

Recommendation 9:
Property Tax Rollback for New Construction

Newly-constructed or substantially rehabilitated multi-family housing in enterprise zones and main street communities will qualify for the state residential rollback on property taxes.

Problem statement:

The Governor, certain legislators, and others in the state have expressed great interest in attracting young professionals to live in Iowa. The housing needs of this demographic are for apartment or condo living. Predominately, this demographic is interested in "urban housing" as is evidenced by the rapid and successful growth of downtown housing in metropolitan areas in surrounding cities such as Kansas City, Omaha, and Minneapolis.

The problem is that the development cost of a market rate multi-family development is greater than its economic value. In Iowa, the gap between economic value and development cost for market rate multi-family properties is between $30,000 and $45,000 per unit. To provide market-rate, young professional housing, state initiatives must be developed to close the gap.

Heretofore, state policy and programs (except for subsidized housing) are almost exclusively reserved for single-family homeowners. Property taxes in Iowa for residential property have a rollback percentage tied to them, thereby allowing the owner to pay less tax by reducing the taxable value. For-profit residential rental properties are classified differently than non-profit residential rental. For-profit owners carry a larger tax burden. Reducing the tax burden on for-profit residential housing would help close the fore-mentioned gap.

Expected outcomes:

This rollback, if combined with other incentives, will help narrow the gap between cost and values. Unless other state initiatives are made, it is hard to evaluate its potential outcome.

Recommendation 10: Incentives for Housing

In 1988, the State put in place a package of incentives for housing and infill development that are potentially very good, but it is time to review and revise or expand them for maximum effectiveness. Currently, it is very difficult to compile any information on how useful these incentives have actually been. These incentives include:

- State Historic Tax Credit – The current annual cap of $2.5 million only partially funded three projects in the year 2000. The cap should be removed or, at least, increased to a minimum of $20 million per year for five years.

- In State Housing Enterprise Zones:
  - Increase Employee Withholding Tax Credit of 1.5% for eligible new jobs for down payment and rental assistance.
  - Use sales and utility tax rebate.

- Ten percent of the State Low Income Housing Tax Credit for new housing or rehabilitation needs to be transferable. An active market (syndication-type) should be developed so large corporations with state tax liability will purchase the credits, similar to the federal low income housing tax credit, making cash available as equity to be invested into the project at the front end. This will cost the state no more, but will place the financial benefit with the developer rather than with the investor.

- Tax Increment Financing – TIF is a tool used differently in the city vs. the small towns. Let the cities and counties determine how it is used for commercial or housing and determine how much they want to set aside for low- and moderate-income categories.

Environment and Technology Committee

The Environment and Technology Committee concerned itself with environmental considerations related to housing, as well as how technology might be integrated as a tool for better housing planning and program delivery. Issues around balancing where development and housing is located in relation to amenities, recreation, and other parts of the community was addressed. Attention was also given to developing brownfields and rehabilitation of housing and historic buildings.

Recommendation ET - 1: Smart Growth Land Use Inventory

Note: This recommendation was adopted as Task Force Priority Recommendation 5, Smart Growth Land Use Inventory. It is also listed on pages 34 and 54 as a Task Force Recommendation.

Under the direction of the appropriate supervisory body, conduct a systematic digital land use inventory of all land use in the state of Iowa, with such detail as the multi-discipline supervisory body (representing all levels of state and local government and the private sector) determines.

Relationship to mission:
Housing, as a component of a healthy Iowa, is generally a local activity and will continue to be decided on the local level. Land use decisions significantly impact other geographic areas and other potential uses. All levels of government impact the land use decision process. Creating and maintaining a complete inventory of land use in Iowa would use technology and scattered information to provide local, regional and state leaders with information to make appropriate decisions related to housing and other sectors of the Iowa economy.

Problem statement:
More populous states and growing metropolitan areas are experiencing growth into areas that were long agricultural, wilderness and otherwise lightly-populated. Many adverse factors are attributed to this type of growth. With respect to land use in Iowa, it has been estimated that every seven years, an area approximately equal to the area of one Iowa county is converted to residential, transportation, commercial, industrial, or similar uses. At this rate, one would assume that today's spreading growth is not a problem in Iowa. The data supporting the estimated conversion of agricultural/open space is difficult to obtain and an in-depth analysis of Iowa land use is necessary to establish the new millennium

benchmark and to measure future changes in land use. Critics of conclusions regarding the spreading of growth (frequently referred to as urban sprawl) often challenge the adequacy of the data used by those claiming adverse consequences.

Despite the importance of agriculture to the health and vitality of Iowa and to the economic well-being of all citizens, recent judicial decisions have undermined potentially useful tools to protect agriculture from encroachment. Continued conflict between the agricultural producers of the state and encroaching residential uses is to be expected. Levels of government lack cohesive, detailed data and information to identify appropriate areas of the state to target preservation for agricultural production through alternative incentives and the appropriate balancing of state laws.

Expected outcomes:

Short Term (1 – 3 years)

Depending on the scope of detail ultimately selected by the supervisory body, a complete digital land use inventory of the state of Iowa will:

1. Produce reliable data on the current uses of land in the state,
2. Reveal the potential uses that remain within the corporate limits of existing cities,
3. Identify specific areas where land use has reached benchmark levels to enable the decision makers to determine whether specific action to preserve a balance of uses is warranted,
4. Identify the degree to which agricultural uses are interspersed with non-agricultural uses that impair agricultural production,
5. Reveal the areas that are currently protected from intensified usage by virtue of public ownership, existing use restrictions, and other factors,
6. Measure the density of current usage,
7. Quantify the amount of land that is devoted to transportation,
8. Quantify the amount of land that is currently restricted from use by virtue of actual or anticipated use as waterways,
9. Provide data on the types of use within jurisdictions that do and do not practice land use techniques,
10. Reveal the potential for interlinking of open space and recreational areas,
11. Identify the impact of development on future agricultural production in Iowa,
12. Identify the impact of development on strategic needs (e.g., safe water) within Iowa,
13. Locate populated areas that are not appropriately served by available utilities (e.g., natural gas or public water),
14. Locate and identify the scope of brownfields in Iowa, and
15. Identify the density of land uses.

The first year should be used to design and test the format, select the priority counties and areas, and arrange for full implementation. The second and third years should be focused on the counties that are currently experiencing growth to better aid those areas in future land use decisions.

Long Term (more than 3 years)
Three years should be an adequate amount of time to make significant progress in preparing a statewide land use inventory. The project should be completed within no more than five years. The initial priority is those areas that are currently growing. The remaining counties should be inventoried by the end of the fifth year.

As a part of the statewide land use inventory design, potential impacts upon other land uses should be considered. Productive agricultural areas that meet stated criteria might be considered for additional protection via incentives and if necessary prohibitory legislation. As an example, an enhanced tax incentive to place contiguous property into a conservation easement might discourage development detrimental to agricultural areas. The incentive might be adjusted to reflect larger quantities land placed into a protective classification. In addition, state law should address the ability of local government to condemn the rights associated with the easement.

Steps needed to implement recommendation, including time frame:

- Select lead agency or oversight authority (perhaps a citizen-based Iowa Land Use Inventory Authority).
- Solicit private and federal funding and state appropriations.
- Select participants from state and local government and the private sector to help design the inventory.
- Select appropriate level of detail for inventory.
- Determine capacity of units of government to assist in assembling the data and revise inventory design as needed or determine strategy to enhance capacity of units of government.
- Determine if financial support or rewards to units of government are necessary or appropriate.
- Select appropriate service provider.
- Begin development of inventory.
- Oversee the maintaining and upgrading of inventory as areas are completed.

Agencies, organizations, and other entities involved:

- Federal government (various, including US Geological Survey, Environmental Protection Agency, Department of the Interior).
- State government (including Department of Agriculture and Land Stewardship, Department of Natural Resources, Department of Education, Department of Public Health, Department of Public Safety, Department of Revenue, Department of Transportation, Department of Economic Development, state universities).

- Local government (including cities, counties, Councils of Government (COG), schools, community colleges).
- Private sector.

Benchmarks:
Progress will be demonstrated by the completion of the inventory design, the implementation of the design and reporting of the information in appropriate detail.

Resources needed to implement recommendation, and suggested source:

- Oversight staff knowledgeable in appropriate fields.
- Private funding from organizations and foundations.
- Federal funding.
- State funding (including real estate transaction fee increase).
- Local funding of local system enhancements that might be necessary.
- County auditor staff to oversee maintenance of inventory information.
- Local assessors or other local units of government.

Impact on other housing issues and programs; impact on non-housing issues:
The inventory would be expected to give sufficient detail with respect to alternative forms of housing, land use associated with each, number of units, and the like to determine with a level of confidence that the data are sufficiently complete to produce reliable conclusions.

Depending on the design parameters, the information produced could establish:

1. The number of dwelling units of various design and ownership (e.g., manufactured housing in leased communities or on separate land parcels; multiple-family rental and multiple-family owner-occupied),
2. The proximity of dwelling units to minimum levels of service (including economical and safe utilities, fire protection, healthcare, K-12 education, multiple-lane roadways, rail and air transportation, groceries),
3. The areas where separate population centers are converging and the level of planning for such convergence,
4. The approximate amount of the state's land area that is covered by structures, roadways or other surfaces (e.g., driveways), and
5. Other information useful to providing governmental services.

Accountability:
Accountability would be established through the composition of and authority given to the body selected to provide initial design review and to oversee the implementation. The body may be comprised of staff and elected or appointed representatives of various governmental bodies.

An annual report of the progress on completing the entire process and the maintenance of the inventory should be made to the executive and legislative branches of government.

Obtaining private funding will impose additional reporting requirements and provide separate oversight.

If the recommendation is not acted on, the various uses of Iowa land will continue until such time as it becomes more expensive to implement a complete inventory. In addition, decision makers will continue to react to external forces without the benefit of adequate data for determination of policy issues.

Haphazard efforts by local government to measure the impact of external and internal forces will provide no guidance for anticipatory decision making.

Recommendation ET – 2: RISE Funding Guidelines

Note: This recommendation was combined with other recommendations to create Task Force Priority Recommendation 1, State Housing Trust Fund. Please refer to pages 30 and 43 for additional information.

Change the RISE funding guidelines to allow for improvements to existing infrastructure when businesses choose to locate or expand on urban in-fill sites.

Create an equivalent to RISE that promotes the creation of housing. This should include all of the incentives available under RISE.

Relationship to mission:
By providing incentives for housing development, the state can reduce the incremental cost of lot and unit development. This reduction can be passed on to homebuyers.

Problem statement:
Currently, RISE funding is available for new road construction to encourage the creation of jobs. Since funding is available for new road construction but NOT improvements to existing roads, businesses are encouraged to locate outside of urban centers or even municipal limits. The location of jobs at distant locations means that employees will often choose scattered locations to reside. Although not a pressing problem in Iowa, this is the beginning of urban sprawl and increases the cost of providing state and local services.

Expected outcomes:
Short Term (1 – 3 years)
The incentives proposed should encourage developments to locate within urban boundaries, thereby reducing the cost of providing state and local services.

Long Term (more than 3 years)
The predicted long term outcome of this program is the creation of jobs and housing where they can logically and efficiently be served by governmental services, while retaining a variety of housing choices.

Steps needed to implement recommendation, including time frame:
A change in the guidelines should be sufficient to see results within one or two building seasons.

Agencies, organizations, and other entities involved:

- Department of Transportation.
- Department of Economic Development.
- Iowa Finance Authority.

Benchmarks:
The creation and location of housing and employment on in-fill sites is a clear indicator of progress.

Resources needed to implement recommendation, and suggested source:

- Additional funding may be needed if numerous qualified applications are received.
- Use surplus RISE funds for these programs.
- Investigate other uses of road use funds for transportation improvements benefiting housing and in-fill development.

Impact on other housing issues and programs; impact on non-housing issues:
Reducing the incremental lot and unit costs will help combat rising housing prices and will afford more options to more Iowans.

Accountability:
We are recommending NO change in how RISE is currently supervised. The new housing equivalent should be administered by the appropriate state agency.

Recommendation ET – 3: Public Information Campaign

Note: This recommendation was combined with another recommendation to create Task Force Priority Recommendation 3, Housing Public Education and Information. Please refer to pages 32 and 49 for additional information.

The State of Iowa should undertake a public information campaign to educate property owners, tenants, and contractors about the importance of maintaining lead-based paint in good condition and using safe work practices when disturbing lead-based paint. This will improve the quality and safety of Iowa's older housing, which will reduce the prevalence of lead poisoning among Iowa's children.

Relationship to mission:
The recommendation helps to reach the Housing Task Force mission of improving the quality of Iowa housing. The recommendation helps to achieve the goals of making Iowa's older housing safe for children and of increasing the value of Iowa's older housing.

Problem statement:
This recommendation is needed because the rate of lead poisoning among children under the age of six years is 14 percent, which is three times the national average. Most of these children are poisoned by deteriorated lead-based paint in homes built before 1960. Lead poisoning causes substantial learning disabilities in children, which increases the cost of educating these children. A major barrier to implementing the recommendation is that people do not understand the contribution of unsafe housing to childhood lead poisoning. If people do understand that deteriorated lead-based paint causes childhood lead poisoning, they believe the cost makes it infeasible to repair the problem. If nothing is done to solve this problem, the rate of childhood lead poisoning will increase as the amount of deteriorated paint in Iowa's older homes increases.

Expected outcomes:
Short Term (1-3 years)
The following specific changes and/or progress toward a solution to the problem will be seen within one to three years:

- At least 500 contractors and landlords per year will complete eight hours of training in how to work safely with lead-based paint.
- Property owners, tenants, and contractors will be more likely to view deteriorated paint as a health issue for children rather than an aesthetic issue. As a result, property owners, tenants, and contractors will keep paint in older homes in better condition.
- Property owners, tenants, and contractors will be more likely to understand that the failure to use safe work practices when working with lead-based paint can cause lead poisoning in children. As a result, property owners, tenants, and contractors will be more likely to use safe work practices when working with lead-based paint.

This will impact this housing issue by increasing the number of pre-1960 homes where lead-based paint is maintained in good condition using safe work practices. This will improve the quality of this housing and reduce the number of homes where children are lead-poisoned.

Long Term (more than 3 years)
The following specific changes and/or progress toward a solution to the problem will be seen after three years:

As the number of contractors and property owners who complete training on lead-safe work practices and the number of people who understand the contribution of deteriorated paint to childhood lead poisoning both increase, the prevalence of lead poisoning among Iowa children under the age of six years will drop from the current 14 percent to four percent by the year 2010. (This goal is from *Healthy Iowans 2010.*)

Steps needed to implement recommendation, including time frame:
The following specific actions are needed to implement the recommendation.

- By February 1, 2001, the Iowa Department of Public Health should convene an ongoing committee consisting of the agencies listed in the next section. This committee should meet at least quarterly.
- By June 1, 2001, this committee should develop a plan to ensure that the eight-hour lead-safe work practices training course is available to contractors and property owners throughout the state of Iowa.
- By June 1, 2001, this committee should develop a plan to implement the public information campaign regarding the importance of maintaining lead-based paint in good condition using safe work practices. This plan should include a method for financing the campaign and for evaluating the effectiveness of the campaign.

Oppose efforts by EPA to require 40 hours of training to repair peeling and chipping lead-based paint. If this much training is required before property owners and contractors can repair lead-based paint hazards, efforts to make housing lead-safe will be set back substantially. If EPA proposes a rule in 2001 that contains this requirement, each agency listed in the next section should submit comments opposing this requirement.

Agencies, organizations, and other entities involved:

- Iowa Department of Public Health – responsible for Iowa's childhood lead poisoning prevention program.
- City and county health departments – carry out the childhood lead poisoning prevention program at the local level.
- Iowa Department of Economic Development – responsible for Community Development Block Grant (CDBG) and HOME funding outside of entitlement cities (cities with population greater than or equal to 50,000).
- City housing agencies, regional Councils of Government, and agencies conducting housing rehabilitation – carry out the CDBG and HOME programs at the local level. These entities may also enforce city housing regulations and be part of the local childhood lead poisoning prevention program.

- Public housing authorities – responsible for ensuring that lead-based paint hazards are addressed in HUD-assisted rental housing.
- Iowa Finance Authority – responsible for some project-based rental assistance from HUD. Responsible for finance of many state of Iowa housing programs.
- Des Moines office of the US Department of Housing and Urban Development – ensures that public housing authorities carry out their responsibilities. Directly responsible for some project-based rental assistance from HUD.
- Rural Development Council—develops initiatives to fund housing efforts in the rural parts of Iowa.
- Des Moines office of the USDA Rural Development – responsible for ensuring that lead-based paint hazards are addressed in housing that receives assistance from RDA.
- Landlords of Iowa and Iowa Landlords Association – represent rental property owners.
- Iowa Chapter of the Painting and Decorating Contractors of America – represent painting contractors.
- Paint manufacturers, hardware stores, and lumber yards – if this campaign results in better home maintenance, these businesses should show an increase in sales of paint and building supplies.

Since the Iowa Department of Public Health (IDPH) is responsible for the state's childhood lead poisoning prevention efforts, IDPH should take the lead in carrying out this effort.

Benchmarks:

Progress will be clearly recognized by the following:

- The number of contractors and landlords who complete eight hours of training in how to work safely with lead-based paint each year.
- The number of property owners, tenants, and contractors who view deteriorated paint as a health issue for children rather than an aesthetic issue.
- The number of property owners, tenants, and contractors who keep paint in older homes in better condition.
- The number of property owners, tenants, and contractors who use safe work practices when working with lead-based paint.
- The reduced prevalence of lead poisoning among Iowa children under the age of six years.

Resources needed to implement recommendations, and suggested source:

Public affairs staff of the Iowa Department of Public Health indicate that $60,000 to $70,000 annually is needed for a statewide public information campaign utilizing television, radio, and print media. Three suggested sources for these resources are:

- A specific state appropriation.

- The Iowa Department of Public Health, Iowa Department of Economic Development, and Iowa Finance Authority may be able to jointly fund this campaign using existing state and federal funds.
    - Paint stores, hardware stores, and lumber yards may be willing to commit some resources to this campaign if they believe that the result will be an increase in sales of paint and building supplies.

Impact on other housing issues and programs; impact on non-housing issues:
The implementation of this recommendation will facilitate the compliance of housing rehabilitation programs and HUD-assisted rental housing programs with the new federal regulations that require these programs to address lead-based paint hazards. The staff of these programs are very concerned that landlords and contractors will drop out of these programs rather than comply with the new requirements. Landlords and contractors will be less likely to drop out of these programs if, as a result of the public information campaign, they understand the health implications of childhood lead poisoning.

The implementation of this recommendation should result in an increase in housing where paint is kept in good condition and an improvement in the appearance of housing in Iowa's communities. This will enhance efforts to attract business and new residents to communities.

The implementation of this recommendation should result in a decrease in the prevalence of childhood lead poisoning. Since lead poisoning causes learning disabilities in children, a reduction in the number of lead-poisoned children should result in a decrease in the costs of special education for the state. In addition, if the prevalence of childhood lead poisoning is substantially decreased, city and county resources currently being used for childhood lead poisoning prevention can be used for other health initiatives.

Accountability:
If this recommendation is adopted as part of Iowa's housing strategy and plan, the Iowa Department of Public Health (IDPH) will ensure that this recommendation is addressed and completed. IDPH is already making efforts in this area. These efforts will be greatly enhanced if this recommendation is supported by the Governor's Housing Task Force. If this recommendation is not supported by the Governor's Housing Task Force and if no one takes responsibility for this recommendation, the rate of childhood lead poisoning will increase as the amount of deteriorated paint in Iowa's older homes increases.

Recommendation ET – 4:
Historic Properties Tax Credit

The cap on the State Tax Credit for Rehabilitation of Historic Properties be raised from $2.4 million to $20 million.

Relationship to mission:

The Tax Credit for Rehabilitation of Historic Properties provides an opportunity for the private sector to reinvest in housing properties that may otherwise be neglected or overlooked. In the first six months of the program, over $2 million of the $2.4 million available for the year 2001 have been allocated to housing projects across the state, creating over 150 new housing units. This program encourages the use of existing properties and infrastructure to create low-cost housing that is not low-value.

Problem statement:

The Tax Credit for Rehabilitation of Historic Properties has the potential to be a major force in creating quality housing in the state of Iowa across all sectors of the housing market from low-income to high-income, in inner cities and on the most rural county roads. However, housing projects must compete for the available Tax Credits with commercial, agricultural, and industrial projects. That over $2 million of the $2.4 million of available money was allocated in the first three months of the program is testament to the need for this kind of a program. The entire $2 million was allocated to four housing projects and began to address the housing problem across the state. As the program develops and becomes more widely known, the competition for the $2.4 million will increase, and housing projects will have a harder time accessing these dollars.

Expected outcomes:

Short term:

In the next three years, 15 -20 housing projects could access the Tax Credit to reinvest in existing properties and create over 500 new quality housing units.

Long term:

Over the long term, the re-use of existing buildings to create new and/or improved housing across all sectors of the Iowa housing market will have a positive effect on a number of different areas. By redeveloping existing properties, communities can make use of and improve existing infrastructure systems. The re-use of neglected properties can bring these properties back on to city or county tax rolls, creating an increased tax base with low cost to city or county. Good housing in neglected areas can bring new businesses and commercial development back into core city areas preserving farmland and helping control urban sprawl.

Steps need to implement recommendation, including time frame:

The legislature will need to vote to raise the cap on this existing program. It should be done in the 2001 legislative session.

Agencies, organizations, and other entities involved:
Since this is an expansion of an already existing state program, the agencies involved are clear. The State Historic Preservation office should be the lead agency in implementation and administration in consultation with the Department of Revenue and Finance.

Benchmarks:
The law, as currently written, calls for an economic analysis of the impact of the Historic Property Tax Credit. The law should be expanded to call for a specific breakdown and analysis of the kinds of projects making use of the program.

Resources needed to implement recommendation and suggested source:
The extension of the cap means an additional 17.6 million dollars in tax credits would be allocated to this program. The expansion would also require an additional part-time staff person within the State Historic Preservation office to review and administer the program.

Impact on other housing issues and programs: impact on non-housing issues:
The focus of this program is the re-use of buildings, not the new construction. This means that systems already in place can service the housing created. This lowers the cost of creating housing for both the developer and the governmental entities. It also allows the local entities to have more control in the expansion of services in everything from transportation, to education, to health care, and to human services.

Accountability:
The State Historic Preservation office should be responsible for oversight of this program, and the results should be measured through economic and programmatic analyses. The Iowa Legislature should be responsible for enacting this legislation. If not enacted, a great opportunity to improve Iowa through the use of existing resources will be missed.

Recommendation ET – 5: Brownfield Redevelopment Strategy

The state should develop a comprehensive strategy for brownfield redevelopment that includes an aggressive package of incentives for redevelopment.

Relationship to mission:
The proximity of brownfields to existing housing stock is an outgrowth of the early development of housing near commercial and industrial areas. The existence of brownfields impedes investment in neighboring housing and impedes the production of new housing where infrastructure already exists.

Problem statement:

Pockets of previously used, but now under-utilized land, exist throughout Iowa. Many potential adverse concerns cause the under utilization. These concerns include the cost of demolition, potential environmental clean-up, and long term liabilities. In 1997, Iowa adopted the Iowa Land Recycling and Environmental Remediation Standards Act, Iowa Code Chapter 455H, to begin to address these issues.

In 2000, Iowa (enacted House File 2423 which provided) a modest program to fund remediation efforts.

The perception exists that state programs are favoring green areas for development, and that all levels of government need to take a more active role in addressing brownfield conversion. Where owners of brownfields continue to employ Iowans at or near the brownfield, fear of causing the loss of those jobs may impede efforts to enforce responsibility and convert the land to productive uses.

Typically associated with transportation, agricultural, commercial, or industrial uses, a brownfield can exist in cities and unincorporated areas. Data demonstrating the extent of the problem is not available on a statewide basis.

Expected outcomes:

Short Term (1 – 3 years)

Depending on the scope of detail ultimately used in a complete digital land use inventory of the state of Iowa, information may be obtained that will (1) produce reliable data on the extent of current brownfields and future brownfields in the state, (2) reveal the potential amount of land that could be reclaimed within the corporate limits of cities and in unincorporated areas, (3) identify specific areas where land reclamation should be specifically encouraged, (4) identify the brownfield areas that are adjacent to residential areas that could be extended, (5) determine the potential for extension of cost-effective population density by extending the adjacent neighborhoods, (6) quantify the amount of land that is currently restricted from use by virtue of actual or anticipated brownfields nearby, (7) provide data on the extent of brownfields within jurisdictions that do and do not practice land use techniques, (8) reveal the potential for non-residential development that might support existing residential areas, and (9) identify the economic costs associated with brownfields.

The first year should be used to design and test the inventory format. This will be in conjunction with the land use inventory. Subsequently, the priority counties and areas will be selected, and full implementation will be arranged. The second and third years will be focused on the counties that are currently experiencing growth to better aid those areas in reclaiming space, thus minimizing the need for spreading growth.

In conjunction with the state land use inventory, specific information should be collected to identify the location and area of brownfields within the state of Iowa, the potential for productive use of such areas, and an estimate of the action needed to remove each brownfield.

Long Term (more than 3 years)
It is expected the land use inventory will take up to five years to complete. Upon completion in each area, the inventory will produce information as to existing conditions. Subsequent changes may create additional brownfields, including agricultural areas as the result of changes in livestock production methods and changes in the acceptance of industrialized livestock production.

Agencies, organizations, and other entities involved:

- Federal government (Environmental Protection Agency and Housing and Urban Development).
- State government (including, Department of Natural Resources, Department of Public Health, Department of Public Safety, Department of Revenue, and Department of Transportation).
- Local government (including cities, counties, Councils of Government, and schools).
- Private sector (including entities that have reclaimed brownfields, the financial markets, and the insurance industry).

Resources needed to implement recommendation, and suggested source:

- Oversight staff knowledgeable in appropriate fields.
- Private funding from organizations and foundations.
- Federal funding.
- State funding.
- Local funding of local system enhancements that might be necessary.
- County auditor staff to oversee maintenance of inventory information.
- Local assessors or other local units of government.

Inventive use of existing funding sources and statewide resources should be considered to create a fund to address brownfield conversion. In addition, tax policies that currently provide tax benefits without regard to societal benefit should be examined to determine if the benefits can be appropriately coupled with brownfield conversion. For example, like-kind exchange tax laws enable the reinvestment of money from the sale of assets into other like-kind property without regard to any measurable societal benefit. Coupling such benefits or other benefits to investment in brownfield areas may produce better results.

Impact on other housing issues and programs; impact on non-housing issues:
The analysis would be expected to give sufficient detail with respect to the number of brownfields and the area covered by current brownfields to determine with a level of confidence that the data are sufficiently complete to produce reliable conclusions.

Depending on the analysis parameters, the information produced could establish (1) the number of brownfields and the area under various property tax classifications and ownership, (2) the economic impact of such areas on local government, (3) the economic burden and potential responsibilities of the owners of the properties, and (4) areas for legislative action. In addition, the analysis may reveal the presence or absence of concerns, brought about by the existence of brownfields on neighboring uses.

Brownfield redevelopment may spur appropriate residential use or more intensified commercial or recreational use.

Recommendation ET – 6: Residential Development Code Review and Best Practices

Develop a strategy to gather the input of a diverse group of interested parties and departments, and others to identify the areas of Iowa law that should be reviewed in light of modern practices of residential development. The objective will be to determine if Iowa law should be changed to promote activities that will enhance the production of residential real estate with the least negative impact.

Relationship to mission:
Solutions to Iowa's housing needs impact and are impacted by legislative, judicial, and administrative law. Solutions to Iowa's housing needs require a legal framework that has been carefully researched and which improves the lives of Iowans.

Problem statement:
For decades the production of housing has followed techniques that are principally characterized by reliance on individual cars for transportation. While this has allowed individual freedoms, it has disadvantaged those who are unable to afford a car or to afford to keep one running.

The demand for open space and similar attributes has encouraged rural residential developments which are not served by public water and sewer. This has impacted the quality of water that the citizens of Iowa consume. Individual wells and septic systems increase the health risks.

Open space preservation and rural residential development can be accomplished together by promoting alternatives to large lot rural subdivisions with septic systems. Among techniques that can be used are clustered development, zero lot line development, preserved open space through design and conservation techniques, and requiring public services or community water and sewer (discouraging large lot residential development).

Impediments to higher density development include higher costs for community water or sewer systems, lack of techniques to assure annexation of territories that are served by public services at such time as the territories are contiguous to the city, and concerns about the legality of certain density and transfer of rights techniques.

Other challenges include responsibility for common areas and assessments to maintain community services. Governmental concern for safe drinking water is promoting the extension of rural water districts to more areas, with the result that water supply is no longer as important a factor in whether rural residential development encroaches upon other uses.

Density within cities has generally included multiple-family dwellings of all types. Alternative forms of ownership of multiple-family dwellings and the increasing reliance upon common interest communities in meeting the housing needs of Iowa, suggest that a review of the applicable laws would be justified. For example, some elements of Iowa law are best characterized as "first generation," similar to rotary dial telephones in an era of voice recognition phones.

Expected outcomes:

Short Term (1 – 3 years)

All interested parties (including but not limited to builders, realtors, health departments, counties, and rural water districts) should be asked to participate in a process to review the current Iowa law with regard to increasing density, preserving open space where appropriate, and determining the obstacles to various land use techniques. By jointly exploring the alternatives and current Iowa law, the interested parties may identify priorities for enhancing the provision of all housing, including rural and open space type housing, that is affordable to a wider range of Iowans, while addressing appropriate environmental and related concerns.

Urbanized housing (housing within a city that has adequate capacity to provide water and sewer) is increasingly being developed with alternative formats such as zero lot line multiple-family dwellings and condominium declarations. Current Iowa law has not been assessed for its adequacy to meet the needs of a changing Iowa and should be reviewed to determine if changes are appropriate to aid Iowa in keeping Iowans and attracting new Iowans.

The work of the interested parties could be enhanced by encouraging the submission of appropriate analysis of Iowa law by students enrolled in a college or university. Students in any appropriate discipline would be encouraged to submit: (a) a proposal, and if selected, (b) a paper of reasonable length. The writers of meritorious papers would receive modest compensation and publication in a professional publication as appropriate.

The subject of housing density (and other Task Force topics) could be the subject of a symposium in an Iowa professional publication (e.g., law review).

Long Term (more than 3 years)
It may take three years to complete the analysis of Iowa law and consider legislative packages for enhancing Iowa law.

Steps needed to implement recommendation, including time frame:
Convene leaders from a broad spectrum of professions and private and public officials most involved in residential real estate. These may include developers, builders, realtors, mortgage bankers, assessors, auditors, city and county attorneys, engineers, land use planners, and health departments.

Agencies, organizations, and other entities involved:
The lead agency should be the Iowa Finance Authority, as it has a significant role in housing programs. Major trade and professional groups should be actively involved in the initial discussions. With support from the organizations' leadership and active members, the experiences and comments of the citizens of Iowa involved in meeting Iowa's housing needs will focus on subject matters for future analysis.

Resources needed to implement recommendation, and suggested source:
A state-wide strategy for reviewing Iowa law with a vies towards change.

Possible leadership for the group convened to assess the areas for consideration include a retired executive from the fields impacted by the law (e.g., a realtor or developer) and a retired judge or law professor capable of bringing a respected legal perspective to the analysis. Resources from private sources could be solicited to provide prizes for students' written analyses of Iowa law.

Home Ownership Committee

The Home Ownership Committee sought ways that all Iowans, no matter their income or situation, could fulfill the American dream of owning a home. The committee reviewed issues beyond program funding levels or eligibility to include education programs and developing a variety of options for potential homeowners.

Recommendation HO – 1: State Housing Fund/Delivery of Housing Resources

Note: This recommendation was combined with other recommendations to create Task Force Priority Recommendation 1, State Housing Trust Fund. Please refer to pages 30 and 43 for additional information.

Establish a housing fund containing all state funding for housing. This fund will consist of three parts. The first would be the Housing Opportunity Fund (HOF) covered under a separate recommendation. The HOF would account for 20% of the funding. Another 60%, the County Housing Fund (CHF), would be allocated back to the counties on a per capita basis. The CHF could be used to solve any housing needs, including capacity-building, determined by the county or group of counties working together. Finally, the remaining 20% would be allocated to programs not meeting either of the above definitions. This 20% would be distributed via competitive applications. After a three-year phase in, total funding for the Housing Trust Fund would be $25 million annually. In addition, a 20% local match is required to access the Housing Trust Fund. For the County Housing Fund and the competitive program, income limits would be 80% for SMSAs and 110% for the remaining portions of Iowa (with exceptions made for SMSAs with accelerated housing costs).

Relationship to mission:

- Creates and improves housing opportunities.
- Stabilizes and increases tax base.
- Creates consistent funding at the local level.
- Creates “new” housing stock.
- Improves “existing” housing stock.
- Expands partnerships and increases capacity at the local level.
- Leverages and maximizes uses of dollars.
- Streamlines and simplifies access to housing funds.

Problem Statement:

- State housing funds are contained in many programs. This scattered approach to funding housing activities results in less efficiency and less strategic benefit for the state of Iowa.

- Housing providers have difficulty in delivering housing opportunities due to a lack of a consistent and ongoing source of funding.
- Current resources are limited and do not adequately address the housing needs of Iowans.
- Most funding for housing in the state of Iowa consists of federal dollars with many regulations.
- There is a lack of capacity to provide and administer housing programs.

Expected outcomes:

Short term (1-3 years)

- Smaller communities would gain access to housing funding.
- Counties and communities would work together to solve local housing problems.
- State housing funds would be used more strategically and more efficiently.
- Creates a stable source of funding for housing.
- Allows for planning and development of programs to address local housing needs.
- Increases funding for housing through local "match."
- Provides for more efficient delivery of housing resources.
- Creates less complicated system of delivery.
- Leverages public dollars with private dollars.
- Changes statutory county tax-exempt bonding rules.

Long term (3+ years)

- Stabilizes and increases tax base.
- Increases and improves housing stock.
- Addresses the issue of declining or stagnant communities.

Steps needed to implement recommendation, including time frame:

- December 1, 2000 - Initial study of potential funding sources completed and legislation drafted.
- April 2001 - Develop and pass legislation.
- July 1, 2001 - Legislation becomes effective.
- September 1, 2001 – Administrative rules are drafted and program is launched.
- October 1, 2001 – Funding released.

Agencies, organizations, and other entities involved:

- The lead agency should be determined by the Legislature and/or the Governor.
- Agencies that should be involved include IFA and IDED.
- Agencies coordination include Fannie Mae, Federal Home Loan Bank, HUD, USDA Rural Development.
- Agencies to receive funding through the Housing Fund: Counties, groups of counties for the block grant portion, cities, counties, non-profit housing organizations, private developers, and shelters.

Benchmarks:

- State Housing Fund created by July 1, 2001.
- 80% of counties develop housing plan by October 2002.
- 20% of the 80% seek funding by October 2002.
- County housing plans are updated every five years.
- 80% of counties with housing plans meet their stated goals.
- In Year 3, total funding ($25 million) is reached.

Resources needed to implement recommendation and suggested source:

- State portion of real estate transfer tax ($9,700,000 in FY1999)
  - Phase-in over three years: 30% in FY2002, 60% in FY2003, 100% in FY2004.
- Elimination of LHAP and transfer funds into trust fund ($3,602,000 in FY 2000).
- Elimination of HAF and transfer funds into trust fund ($3,000,000 equal to FY1999 and FY 2000).
- Elimination of Down Payment; Closing Cost and transfer funds into trust fund ($1,187,000 in FY 2000).
- Obtain appropriation from the Infrastructure Fund ($2,000,000).
- Additional $5,551,000 investment from the state.

  Possible resources include Title Guaranty.
- Counties, or group of counties working together, must have a current housing needs assessment, housing plan, and 20% local match.

Future Sources:

- Income earned at IFA.

Impact on other housing issues and programs; impact on non-housing issues:

- Assists economic development.
- Encourages collaboration at all levels.
- Provides opportunity for regional housing providers/agencies to work together.
- Decreases duplication/centralization of housing programs.
  - Encourages local communities to address housing issues.
  - Increases tax base.
  - Provides ongoing stream of funding to allow for long term planning on the local level.
  - Increases local funding to housing by requiring a match.

Accountability:

- Depends upon agency selected for administration.
- Accountability varies at state and local levels.

Recommendation HO – 2: Housing Opportunity Fund

Note: This recommendation was combined with other recommendations to create Task Force Priority Recommendation 1, State Housing Trust Fund. Please refer to pages 30 and 43 for additional information.

Creation of a "Housing Opportunity Fund" as a component of the Housing Trust Fund that is immediately accessible in conjunction with economic development projects. Projects applying for assistance from the Housing Opportunity Fund should include financial contributions from both an employer and either a local government or philanthropic, religious, or charitable organization to reach the 20% required match. This links jobs, housing, transportation, schools, and social services to make smart use of public infrastructure.

Economic development incentive programs such as CEBA and EDSA should have the capacity to reward proposals that address the housing impact of the project. The Housing Opportunity Fund does not have income restrictions.

Relationship to mission:

- Creates and improves housing opportunities.
- Stabilizes and increases tax base.
- Create incentives for business.
- Creates "new" housing stock.
- Improves "existing" housing stock.
- Maximizes effectiveness of economic development dollars.
- Expands partnerships.

Problem Statement:

Communities have difficulty attracting and retaining new businesses or expanding existing businesses, due to the lack of quality housing for employees.

Expected outcomes:

Short-term (1 – 3 years)

- Maximize effectiveness of economic development dollars.
- Enable communities to respond rapidly to an economic development opportunity.
- Incentive for businesses.
- Create a stable funding source.
- Leverage public dollars with private dollars.
- Development of employer assistance housing programs.

Long-term (more than 3 years)

- Stabilize and increase tax base.

- Increase and improve housing stock.
- Address the issue of declining or stagnant communities.

Steps needed to implement recommendation, including time frame:

*****See time frame for State Housing Fund*

- Identify existing funding sources.
- Identify new funding sources.
- Develop a public/private governance structure.
- Change state statutory guidelines of funding sources, i.e.:
  - RISE eligibility.
  - Determine criteria for funding.
- Market the program.
- Maintain education and information effort – ongoing.
- Merge and purge – eliminate duplication of programs.
- Create incentives for employers to establish employer-assisted housing programs.
  - Criteria for funding.
- Change statutory county tax- exempt bonding rules.

Agencies, organizations, and other entities involved:

HUD, IFA, IDED, cities, counties, city and county engineers, city and county sanitaryofficials, state, Councils of Government, Professional Developers of Iowa, utility companies, private sector, and non-profits.

Benchmarks:

- State Housing Study – conduct again in 2002.
- Other states' programs.
- Housing Opportunity Fund operational by 2002.
- Statutory changes by January 2002.
- Wage and employment statistics will show increase in wages paid and number employed – 2002.
- Impact on outward migration of high school and college graduates.
- Number of dollars leveraged.
- Accurate count of created housing.
- Survey employers to see how many use the program and its effectiveness – 2003 and 2004.

Resources needed to implement recommendation, and funding source:

- $25 million/year Housing Trust Fund (state funds only).
  - Real Estate Transfer Tax - $10 million.
- Allocate 20% to Housing Opportunity Fund.

Coordinating Sources:
- LHAP (public).
- Iowa Housing Corporation fund balance (public - state).
- Earmark a portion of the real estate transfer tax (public).
- RISE.
- EDSA.
- Enterprise Zones.
- IFA (title guaranty, state).
- FHLB – CIP (private leverage source).
- Rural development/rural housing (public leverage source).
- Local (counties and cities, leverage).
- Employers (leverage).
- HUD (public, leverage) or initial seed money.
- HHS

Future Fund Source:
- Statewide housing trust fund (public).
- Home ownership state tax credit program.
- Increase existing tax credit program.
- County bond revenue – city.

Impact on other housing issues and programs; impact on non-housing issues:
- More opportunities.
- Decreases duplication/centralization of housing programs.
- Take the pressure off attempting to do high priority, short time-frame projects by conventional means. Can directly access funds to do.
- Facilitates collaboration.
- Communities allowed to react more quickly to economic development opportunities.
- Lowers welfare rolls.
- Increases access to health insurance.
- Larger tax base will support education.
- More access to housing programs (for all counties).

Accountability:
- Accountability goes up and down.
- State legislature.
- Counties.
- Cities.
- Local economic development corporations.
- Employers.
- Housing developers.

If this recommendations is not implemented:

- Will not address the link between housing and economic developers.
- No linkage created between economic development and housing.
- Stagnant committee will become declining, and declining will continue to decline.
- Missed opportunities.

Outcome:

- Counties will be able to do long term planning.
- Counties will increase their bonding capacity.
- Will increase tax base.
- Will increase real estate transfer tax.
- Will decrease duplication in housing reporting and increase accurate reporting.
- Iowa Housing Fund - $25 million.
- HOF Allocation - 20% - $5 million.
- County Allocation – 60% - $15 million.
- Project-Based Allocation 20% - $5 million.

Recommendation HO –3:
Increase Mortgage Revenue Bond Cap

Allocation of proposed increased of Mortgage Revenue Bond (MRB) cap. The IFA bond cap allocation should be increased from $45 million to $100 million for first-time and multi-family programs. All revenue generated at IFA through bonding will be invested into the Housing Trust Fund.

Relationship to mission:

- Improves housing opportunities for low- to moderate-income households.
- Creates demand for existing housing stock and new housing stock.
- Stabilizes and increases tax base.

Problem statement:

Among all states, Iowa, due to its size, has the most severe scarcity of MRB cap, yet also has one of the longest lists of set-asides of any state. The MRB cap is allocated to states on a $50 per capita basis with a $150 million minimum. Iowa is the largest state to receive the minimum, so every state larger than Iowa receives more and every state smaller than Iowa receives the same amount as Iowa receives. Amounts have not changed since 1987.

For first-time homebuyers, the merger set-aside amount and poor cap management have caused Iowa's MRB program, "FirstHome," to serve fewer first-time homebuyers than any state in the nation. Iowa's program serves half as many homebuyers as North Dakota; 25%

as many as South Dakota, Missouri and Nebraska; and 15% as many as Wisconsin and Minnesota.

Under current Iowa law, IFA has no discretion in the allocation among multi-family housing or industry. Chapter 7c sets forth six specific set-aside programs and allocates each a percentage of the cap. Section 7c.5 specifies "…the state ceiling shall be allocated … on a statewide basis on the basis of the chronological orders of receipt by the governor's designee." Given this requirement and the severe scarcity, it is not surprising that applicants begin lining up outside IFA's door the night before the first business day of each year. To avoid that unseemly appearance, a lottery was established to determine the order of date stamping on the first business day of the year.

Expected outcome:
- Higher rate of affordable home ownership.
- Improved equity of distribution throughout the state.

Steps needed to implement recommendation, including time frame:
- Decision by Congress to increase the MRB cap.
- Work with Iowa legislature on developing allocations (2001).
- IFA develops rules and implements.

Agencies, organizations, and other entities involved:
- Lead agency: IFA.
- Other entities: Governor's office, Iowa legislature.

Benchmarks:
- Increase the number of first-time homebuyers in Iowa.
- Increase the number of affordable multi-family rental units.
- Increase the funding available to the housing trust fund.

Resources needed to implement recommendation, and funding source:
An increase in the Mortgage Revenue Bond cap by the federal government.

Funding sources:
Mortgage Revenue Bond cap

Impact on other housing issues and programs; impact on non-housing issues:
- More opportunities for home ownership for first-time home owners.
- More opportunities for affordable rental housing.

Accountability:
- Governor's office

- Iowa legislature
- IFA

If this recommendation is not implemented:
Iowa will continue to miss opportunities for first-time homebuyers to become homeowners, rehab current housing stock, construct new housing, and stabilize and increase the tax base.

Recommendation HO – 4: Housing Consumer Education

Note: This recommendation was combined with another recommendation to create Task Force Priority Recommendation 3, Housing Public Education and Information. Please refer to pages 32 and 49 for additional information.

Housing Education Program – Expand and aggressively market programs that result in better-educated housing consumers, including outreach and education to immigrants and minorities. Components include:
- Home ownership education.
- Renter education.
- Financial literacy.

Relationship to mission:
- Helps consumers appropriately access the housing market.
- Improves and stabilizes the housing environment.

Problem statement:
Iowa's citizens lack knowledge, both in financial areas and in home ownership. Lack of personal financial knowledge contributes to an increase in predatory lending and financial stress on homeowners.

Expected outcomes
Short term (1-3 YEARS)
- High school graduates have more financial literacy.
- Predatory lending begins to decrease.
- Homebuyers are better prepared for the problems of home ownership.
- More stable renters.
- More stable transition from rental to home ownership.

Long term (3+ YEARS)
- Predatory lending continues to decrease in Iowa.

Steps needed to implement recommendation, including time frame:

- January 1, 2001 – Request that IHOEP (Iowa Home Ownership Education Project) coordinate financial literacy and home ownership education programs.
- July 1, 2001– IOWAccess page should link to a variety of home ownership readiness programs.
- September 1, 2001 – Promote financial literacy classes for high school students and new Iowans.

Agencies, organizations, and other entities involved:

IHOEP is the lead agency for home ownership and financial literacy, and links with housing resource agencies such as ISU Extension, Iowa Mortgage Bankers Association, Iowa Bankers Association, and Iowa Department of Education. Collaborate with faith-based and community organizations that work with target populations – minorities, female-headed households, and new Iowans. Collaborate with employer-assisted housing programs throughout the state.

Public Housing Authorities are the lead agency for development of rental education and links with other appropriate agencies.

Benchmarks:

- Decrease in predatory lending.
- Increase in successful home ownership rates.
- Decrease in default rates.
- Increase number of agencies providing home buyer education.
- Increase number of persons completing home buyer and financial literacy education courses.
- Decrease in evictions.
- Decrease in homelessness rate.

Resources needed to implement recommendations and suggested source:

Coordinate existing public and private resources through IHOEP and Public Housing Authorities.

Impact on other housing issues and programs; impact on non-housing issues:

- Stabilize population.
- Increased educational opportunities on a consistent basis.

Accountability:

- IHOEP.
- Public Housing Authorities.

Recommendation HO – 5: Comprehensive Housing Information Network

Develop a centralized program to improve access to comprehensive housing information. This information should be available to both private citizens and agencies, via IOWAccess or a customer service toll-free phone center.

Relationship to mission:

- Creates a consistent/accurate/reliable source of housing information on a statewide level.
- Expands partnership opportunities.
- Assists local communities in addressing state housing goals.

Problem statement:

Information on Iowa's housing programs is scattered and somewhat difficult to access. This can have the effect of discouraging applications. The HART process and IOWAccess have been a step in the right direction but have not completely eradicated the problem. Additionally, Iowa's citizens lack knowledge both in financial areas and in homeownership.

Expected outcomes:

Short term (1-3 YEARS)

- Increase leverage of state housing dollars.
- Create a consistent/accurate/reliable source of housing resource information on a statewide level.
- Create a more stable tracking of housing production and programs.
- Create accountability for meeting the goals of the state's housing study at all levels.
- Increase the capacity of local communities to address their housing needs.

Long term (3+ YEARS)

- Increased efficiency in using state housing dollars creates more housing opportunities for Iowa citizens.

Steps needed to implement recommendation, including time frame:

1. Identify gaps in existing housing data and programs available statewide.
2. Gather information on other housing funding sources and programs.
3. Identify appropriate agency to provide service, including expanding, improving, and maintaining IOWAccess.
4. Merge and purge – eliminate duplication of programs or data bases.
5. Market the service to agencies and consumers.

Agencies, organizations, and other entities involved:

- Public and private housing funders and programs.

- The lead agency should be determined by the Legislature or Governor.

Benchmarks:

- Identify lead agency.
- Expand IOWAccess and track interactive use.
- Increase the number of persons knowledgeable about housing.

Resources needed to implement recommendation and suggested source:

- Utilize existing IOWAccess funding source.
- Expand prison industries telemarketing program to staff the customer service toll-free phone center.

Impact on other housing issues and programs; impact on non-housing issues:

- Increase awareness of housing options and opportunities.
- Decrease duplication/centralization of housing information and availability.
- Access and update information in a timely manner.
- Facilitates collaboration and accountability.
- Provides job experience for prisoners.

Accountability:

- Lead agency.
- In order to receive funding, entities must provide information to the Comprehensive Housing Information Program.

Recommendation HO – 6: Further Study of Significant Issues

There are a number of other issues that came forward, but were not addressed in the committee's other recommendations. These issues include:

1. TIF

   Cities use TIF differently than small towns. Let the cities and counties determine how TIF is used for commercial or residential development and how much they want set aside for low and moderate income categories.

2. Manufactured Housing

   Based on *Assessing Iowa's Housing Needs: An Evaluation of Housing Policy at the Turn of the Century,* much of the growth in Iowa's housing stock has been through manufactured housing placements rather than conventional construction. When placements occur on leased land, current Iowa law allows eviction without cause, which puts housing investment and families in jeopardy. We encourage the Attorney

General's Office, the Iowa Manufactured Housing Association, and other interested parties to develop long-term legislative recommendations to change Iowa Code 562.B to protect both consumers and property owners. Given the growth of manufactured housing, this group is encouraged to examine new alternatives such as land trusts, cooperatives, etc.

3. Income Criteria Standards
Study the options or alternatives Iowa may have in determining median income for federally-funded or state-funded housing programs in order to more effectively address local housing needs. These could include a multiplier for dual income households, statewide income averages, or other local market-based adjustments.

4. Tax Credit for Developers of Single-Family Owner-Occupied Housing
Explore establishment of a tax credit for the development of single-family, owner-occupied housing. Investigate other states' programs.

5. Lead-Based Paint
Iowa has some of the highest occurrence of lead-based paint exposure. The Iowa Department of Public Health should take the lead in investigating and communicating the magnitude of the problem in Iowa.

Quality of Life Committee

There is a growing recognition at all levels about the value of developing "places" to live, work, and play that do not fit into the traditional residential neighborhood settings. Consideration was also given by the Quality of Life Committee to issues related to housing and how to ensure housing in non-traditional "places" might access or develop the needed services. While often thought of as an urban issue, quality of life is equally critical in rural, small community, and suburban areas.

Recommendation QL – 1: Allocation of Resources

Note: This recommendation was combined with other recommendations to create Task Force Priority Recommendation 1, State Housing Trust Fund. Please refer to pages 30 and 43 for additional information.

The State should work to create a differentiated breakdown, by population, for allocation of resources within all of its housing programs. With the breakdown, different goals and requirements should be established to meet the housing needs of both rural and urban Iowa communities.

Relationship to mission:

This recommendation is in recognition that Iowa's housing programs must strive to address housing issues in all communities, big and small, equally.

Problem statement:

The basic problem is that small communities (under 5,000 in population) do not have the resources, either monetary or otherwise, that communities with populations of 125,000, 75,000, or even 15,000 will have, yet the housing needs in small communities, while smaller in actual numbers of units, are just as vital to the life of those communities as the housing needs of larger cities. In addition, state programming often places barriers in the path of smaller communities; a part-time city clerk does not have the time or the tools to evaluate state programs that may or may not fit the community; negotiating the administrative needs are often beyond the capability of a single volunteer mayor; a 50% match for three units of senior housing, while still only fifty thousand dollars, is out of reach in a community of 500 people with no industry.

Expected outcomes:

Short term:

In the next three years, from five to seven small communities in Iowa could access housing programs at levels appropriate to their size and resources.

Long term:
Over the long term, small communities will be able to make full use of existing state programs, easing the shortage of housing in Iowa's most rural communities.

Steps needed to implement recommendation, including time frame:
Using census data, a breakdown should be made of Iowa communities by size. A brief study should be done of the kinds of necessary resources (monetary, city administration, volunteer capabilities). Using that information, every state-sponsored housing program should review its guidelines and requirements and rewrite them to include provisions of match to differentiate between the needs and capabilities of small communities versus large communities.

Resources needed to implement recommendation and suggested source:
No new resources are needed for this recommendation beyond the study of community resources and refinement of existing guidelines. Rather, this recommendation seeks to even the playing field for applicants to all state housing programs.

Recommendation QL – 2:
Title Guaranty Reorganization

Note: This recommendation was combined with other recommendations to create Task Force Priority Recommendation 1, State Housing Trust Fund. Please refer to pages 30 and 43 for additional information.

IFA be directed to reorganize its Title Guaranty Division to provide title guarantee services that are equivalent to title insurance services provided in the other 49 states. Such services allow for "one stop" shopping for lenders and borrowers. The division will establish a business plan to capture 90% of all guarantees of title that otherwise go to out of state companies.

Of the money raised:

- One-third should go to ensure the success of developing housing projects by increasing the value and the livability of the immediate neighborhood through a grant program that will target: 1) basic services (grocery stores, hardware stores, etc.), 2) recreation/ green space (paved trails, green belts), and 3) culture/entertainment (historic preservation, art centers, farmers markets).
- One-third should go to provide for gap funding in urban enterprise zones and main street communities.
- One-third should go to provide for the housing fund general fund.

Problem statement:

Iowa is the only state in the nation that prohibits the sale of title insurance within the state for commercial and residential property. The committee met with representatives of the proponents of eliminating the law (the Bankers Association and Realtors) and the supporters of the present law (the Iowa Bar Association).

The current situation in Iowa limits the potential of Iowa in providing quality service, at lower costs than other states and at the same time making in excess of $20,000,000 for the state to redistribute for housing needs.

Currently, there are many misconceptions. Most commercial sellers frequently use title insurance from out of state because it is easier, and out-of-state lenders generally require it. Iowa residential purchasers are forced to deal with attorneys and abstract updates as opposed to the "one stop" title insurance. Some homeowners and sellers are totally unfamiliar with this process.

The loss ratios, and state regulation and mandatory pricing in title insurance states allow private companies in such states to receive windfall profits at a high cost to consumers for no more protection than what they receive in Iowa.

Currently, the title guarantees administered by IFA are underutilized. This is due to lack of proper funding for advanced marketing and packaging of its services and products to be more similar to a "one stop" title insurance company.

Expected outcomes:

With changes to its procedures, business plan, and funding, the Title Guaranty program could generate huge profits to the state for housing needs. The neighboring states of Missouri and Nebraska collect over $35,000,000 of title insurance premiums per year. Title insurance companies average a loss ratio of seven percent nationally, and Iowa title guarantee experiences a loss ratio of only one percent.

Recommendation QL – 3: Property Tax Rollback for New Construction

Note: This recommendation was adopted as Task Force Priority Recommendation 9, Property Tax Rollback for New Construction. It is also listed on pages 37 and 69 as a Task Force Recommendation.

That the state residential rollback on property taxes be expanded to include multi-family housing in enterprise zones and main street communities for new construction or substantially rehabilitated properties.

Problem statement:
The Governor, certain legislators, and others in the state have expressed great interest in attracting young professionals to live in Iowa. The housing needs of this demographic are for apartment or condo living. Predominately, this demographic is interested in "urban housing" as is evidenced by the rapid and successful growth of downtown housing in cities in surrounding cities such as Kansas City, Omaha, and Minneapolis.

The problem is that the development cost of a market rate multi-family development is greater than its economic value. In Iowa, the gap between economic value and development cost for market rate multi-family properties is between $30,000 and $45,000 per unit. If Iowa wants market-rate young professional housing, state initiatives must be developed to close the gap.

Presently, state policy and programs (except for subsidized housing) are almost exclusively reserved for single-family homeowners. Property taxes in Iowa for residential property have a rollback percentage tied to them, thereby allowing the owner to pay less tax by reducing the taxable value. For-profit residential rental properties are classified differently than non-profit residential rental. For-profit owners carry a larger tax burden. Reducing the tax burden on for-profit residential housing would help close the fore-mentioned gap.

Expected outcomes:
This rollback will, if combined with other incentives, help narrow the gap between cost and values. Unless other state initiatives are made, it is hard to evaluate its potential outcome.

Recommendation QL – 4: Housing Agency Clearinghouse Within Iowa Finance Authority

The State of Iowa will direct the Iowa Finance Authority (IFA) to establish a separate division within IFA to administer and coordinate: 1) housing and community development programs and 2) act as a central address for local communities and developers to be able to identify and access federal, state, quasi-public, and local governments' financial incentive programs.

Housing and community development
With respect to administering housing and community development, the IFA mission will include but not be limited to:

- Administer the recently-transferred funds from the Iowa Housing Corporation and seek legislative appropriation for such programs. (Note: in order for many of the tax credit projects in smaller communities to succeed, IFA will need to provide the necessary subsidies to make the project feasible and competitive in non-high rent areas).

- Administer the HUD Community Development Block Grant program (CDBG) and then direct federal housing grant programs to IFA which impact community amenities and complement housing. These amenities include land acquisition, street scaping, site improvements, etc. In addition, in order to coordinate these amenities, IFA will provide direct information to the local governments and developers. (Note: economic development programs relating to industrial development will stay with IDED).
- Transfer appropriate state road use funds and RISE funds to IFA to be administered.
- A review of all housing programs within the state will be conducted to determine if they are to be best administered by the new division. To the extent that they remain with their current administrative agency, IFA will be involved in the coordination of the program. (Note: examples of these programs include bicycle trails through IDOT and weatherization programs through the Iowa Department of Human Rights – DHR.)

Central address

With regard to the agency acting as a central address, IFA will be able to provide to local communities and developers the ability to identify and access federal, state, quasi-public, and local governments' incentive programs. The IFA mission will include and not be limited to:

Clearinghouse:

- Compile a comprehensive summary of state, federal, local and quasi-public housing and community development programs.
- Manage and coordinate statewide planning for housing development.
- Manage and coordinate the development of statewide neighborhood network strategies and initiatives.

Training:

- Manage and coordinate regular training sessions for real estate developers and local government officials on housing finance and community development initiatives.
- Manage and coordinate the existing Housing Roundtable of federal, state, non-profit, and quasi-public agencies which provide housing finance and/or services.
- Manage and coordinate all housing state/federal legislative initiatives.

Relationship to mission:

By centralizing the programs and directing IFA to manage and coordinate the state's housing and community development programs, the State of Iowa will better manage its various state-sponsored programs. This will allow the state to more efficiently and effectively administer the limited financial incentives available to communities and developers.

Problem statement:
Between the federal, state, and local laws and incentives, there are numerous and appropriate packages available to allow a number of community initiatives for market-rate and affordable housing programs. However, knowing where the "money is" and how to access it can be confusing and difficult to all but the most savvy and politically-connected. There is confusion and duplication in many housing programs, including several federal government and quasi-public agencies in the state and local housing programs. The State of Iowa and some local governments have minimally-sufficient financial incentives, but they can more dramatically impact the lack of affordable housing and market housing in depressed areas if a single agency acted as the "central address" for governmental officials and housing and community developers.

The following are examples of the above:
Case Study #1
In preparation for the Task Force duties, IFA compiled a summary of statewide housing programs in Iowa. It identified five state agencies and 17 financial and service-oriented programs in the state. In addition, there are two federal agencies (HUD and USDA), and five quasi-public agencies (Fannie Mae, Freddie Mac, Federal Home Loan Bank, Federal Reserve, and Federal Deposit Insurance Corporation) that provide direct financial and/or housing assistance. Together, Iowa has available $3,313,000,000 for housing loans, grants, and community development projects. It is clear that the coordination of these programs is desirable, but is not practiced.

Case Study #2
The City of Des Moines created a housing task force to consider the redevelopment of the Court Avenue District, a downtown commercial/residential neighborhood. It resides in the state enterprise zone and would provide new construction of apartments, condos, and rehab of existing historic structures. Representatives of the project formed to develop the plans and consider the feasibility of the project contacted the state of Iowa requesting instruction from the state to help. Apparently, the state considered options to address this issue, but, unfortunately, there was not a resolution to this issue. At a later time, Fannie Mae was contacted to be a part of the project.

Expected outcomes:
The consolidation of programs either managed or coordinated by IFA should be completed by June, 2001. This will allow several benefits:
- There will be an easier and greater access by state and local officials, housing advocates, lenders and real estate developers to a menu of housing programs. This will allow interested parties to identify appropriate financing and community assistance programs.
- The public will have greater access to housing and residential community development programs.

- There will be better stewardship of financial resources. This tighter web of financial accountability will allow state policymakers to better identify where limited state resources can be targeted.
- There will be more proficient tracking of successes and failures. This will allow the state to expand or adjust programs as needed.
- Housing and community development will be better coordinated.

Steps needed to implement recommendations:

January 2001

- Governor issue executive order transferring non-statutory programs to IFA.
- IFA begin to write administrative rules for newly transferred programs.
- Develop an implementation plan for above recommendations.

January – June, 2001

- Submit necessary statutory changes to legislature.

Agencies, organizations and other entities involved:

Clearly, there are a number of state agencies impacted by this recommendation. The numerous programs that have duel functions are presently spread across the following federal, state, and quasi-public agencies:

- State: Iowa Finance Authority, Iowa Department of Economic Development, Iowa Department of Human Services, Department of Human Rights, Iowa Emergency Services, and the Department of Cultural Affairs.
- Federal: USDA Rural Development, US Department of Housing and Urban Development, US Department of Transportation, Federal Emergency Management Agency.
- Quasi-public agencies: Federal Homes Loan Bank, Federal Deposit Insurance Corporation, Federal Reserve Bank, Fannie Mae, Freddie Mac.
- Non-profit community.

Benchmarks:

- More local communities applying for state assistance and exploring opportunities.
- Attract more appropriate for-profit and non-profit developers.
- Complete more successful development and re-development in Iowa.

Resources needed to implement recommendations, and suggested sources:

There will have to be a re-education of the current state department personnel, as well as, housing developers. More attention needs to be directed to the inter-relationship between the understanding of the need for the community housing amenities and the need to integrate the resources necessary to leverage private capital required for a successful project.

In addition, it will take a stronger political will by our state lawmakers and executive branch to fully restructure the agency to be more proactive.

Impact on other housing issues and programs; impact on non-housing issues:
This will impact a number of state agencies which will require them to transfer programs to IFA. Consideration may be given to co-employment of personnel in responsibilities for administering the programs.

Accountability:
The legislature cannot be afraid of creative thinking in authorizing the restructuring of the housing and community development programs. If legislation passes to properly structure the agency, IFA and the Governor will be directly accountable for the success of the program. If this does not happen, the state will continue to function in the current duplicated housing maze and the opportunity to create a higher quality of life will be missed.

Recommendation QL – 5: Create Housing Trust Fund

In order that Iowa towns grow with new housing construction, a Housing Trust fund should be established and $3 million within the new Trust Fund would be dedicated to be loaned/granted to towns that are able to demonstrate a need for assistance with land and infrastructure costs when developing housing subdivisions and where private capital is not available.

Relationship to mission:
Iowa needs to "grow" its communities; small and medium sized communities may not have the bonding capacity, the experience in bonding, or the leadership necessary to pay for infrastructure improvements needed before housing can be built. Developers do not build in small/medium sized towns because they have very few incentives. In addition, developers don't want to pay for the infrastructure costs (estimated at $12,000 - $15,000 per lot) for a subdivision of 20 lots if they only have a market of two to four homes per year (and there is no economy of scale when putting in infrastructure for only two to four homes). Towns have to take the lead and share some of the risks in growing their community.

Developers and individuals would be able to put up one home at a time and not have to pay for the entire cost of the street/sewer/water initially.

Problem statement:
Small and medium sized towns in Iowa need to grow. Iowa is not attracting its own young people back to the towns where they grew up. Towns needs to grow or die. Schools will not

have enough enrollment to stay open, and businesses will not move to communities which doesn't have a labor force.

Smaller towns are risk averse, and need help in balancing their risks with their goal of growth. How can communities borrow money cheaply to grow their small town? How can they develop new leadership in the community if no new families have moved to their town in the past 20 years? Smaller towns need help in planning, securing financing, and implementing infrastructure improvements.

Expected outcomes:

Short term:

10-15 smaller towns would borrow approximately $300,000 each to build streets and install sewers/water to create subdivisions for new housing for Iowans. An average of 75-100 new homes per year will be added to smaller towns across Iowa.

Long term:

Towns which invest in their own growth will survive into the future. Those that choose not to invest in their own growth will likely wither and die.

Steps needed to implement recommendation:

- A Housing Trust Fund needs to be established as the source for loans and grants.
- Guidelines to govern the program need to be determined including criteria needed to qualify a town, how they would repay the debt, and who will administer the debt. Program Timeframe: early 2001.
- The Legislature would fund the Housing Trust Fund. Approximately $3 million per year within a larger Housing Trust Fund would be dedicated for each of the next three years for assisting with subdivision development. This would become a revolving loan fund being structured for no longer than 10 years. Timeframe: upcoming legislative session.
- A tracking system should be established to document how the loans are used, how many lots are sold each year, the taxable value of the new homes, and how the overall growth has helped the local economy. Timeframe: ongoing, with annual reports.

Agencies, organizations, and others involved:

The Iowa Finance Authority is best positioned to administer such a program. USDA Rural Development and Councils of Governments should also be involved with planning and implementation.

Benchmarks:

The number of lots created, the number of new homes erected, the growth in population, and tax base are all measurable outcomes.

Resources needed to implement recommendation:
A major appropriation from the Legislature for the creation of a Housing Trust Fund. Within that Fund, a dedicated $3 million set-aside for each of the next three years would be established for infrastructure creation. In addition, staff of one FTE with appropriate office space and an administrative budget of $85,000 per year for administering the program through IFA.

Impact on housing and non-housing issues:
Lots which are ready for homes encourage economic growth. Small towns with lots ready for new housing will have positioned themselves for the next family is thinking about moving there. The family who is ready to move to a community which does not have affordable lots ready for a new home will likely look elsewhere. Without financing, small towns can't create new lots. Without lots, no new homes will be built. Without new homes, communities will eventually die.

Accountability:
IFA would report results periodically.

Recommendation QL – 6:
New Teacher Downpayment Initiative

In order that Iowa retain its own citizens who have trained to become new teachers, the State of Iowa would offer $5,000 downpayment assistance to any teacher who is a first time homebuyer who would buy a home in a community of less than 10,000 population.

Relationship to mission:
Iowa needs to "grow" its communities with quality of life factors such as education, recreation, and entertainment in order to survive in the new century. Quality education is the cornerstone in assuring a quality of life in Iowa communities. Attracting qualified teachers can help assure that our schools remain "first class." Elsewhere, the State of Mississippi and its partner, Fannie Mae, have created a program with a $500,000 downpayment fund for teachers in rural districts.

Problem statement:
Iowa is not attracting its own young people who have trained to be teachers to stay in the state to teach. In addition, fewer qualified young people are considering teaching as a viable profession. Up to 1/3 of all the current teachers and administrators in Iowa will retire in the next five years, creating a major demand for new teachers. A recent study conducted by UNI's Strategic Marketing Group and the Rural Housing Institute found that nearly half of all new teachers in smaller school districts do not live in the district in which they teach. In

addition, for teachers with less than five years of teaching experience, the same study found that very few of them own a home anywhere. Teachers can be the very backbone of small town existence and growth. School districts are prohibited by law from owning homes, so another governmental entity is needed to assist in this housing creation. The state needs more teachers, needs younger teachers, and needs teachers to own homes in the town where they teach.

Expected outcomes:

Short term:

Many more graduates in education will be convinced to stay in Iowa (currently about 50% of the graduates take teaching jobs in other states), and a few will be convinced to go into education as a field where they can make a living. Small towns will be able to attract a wider variety of teachers, homes will be built which will widen the local tax base, and teachers will spend time and money in the district in which they teach.

Long term:

More teachers will live in the district where they teach, more small communities will grow, and more stability will be brought to small communities with the addition of both housing stock and new families.

Steps needed to implement recommendation:

- Guidelines to govern the program need to be determined and should include the minimum qualifications the teacher needs to qualify for downpayment assistance, who will administer the program, and how lending institutions should be involved. An outreach campaign to publicize the effort (given a catchy name to attract media attention) needs to be put into place. Timeframe: early 2001.
- The Legislature should set aside approximately $1 million per year for student loan repayment (200 down payments per year). Timeframe: upcoming legislative session.
- A tracking system should be established to document how each teacher benefited from the program, how it helped staff schools which otherwise fail to attract new teachers, and how the home purchase has helped the local economy. Timeframe: ongoing with annual reports.

Agencies, organizations and others involved:

The Iowa Finance Authority is best positioned to administer such a program. In addition, universities and colleges, as well as the Department of Education, need to help market the program.

Benchmarks:

School districts offering quality education are essential to guaranteeing "quality of life" issues which promote the sustainability of their community. Goals should include the ability for all school districts to have a pool of qualified teachers in all positions from which they choose, raising the percentage of teachers in each district who reside in the district, and increasing home ownership rates for teachers within the district.

Resources needed to implement recommendation:
Necessary resources are a $1 million annual appropriation from the legislature and a staff of one FTE with appropriate office space and an administrative budget of $85,000 per year for those who would administer the program though IFA.

Impact on housing and non-housing issues:
Downpayment assistance not only helps teachers get into housing, it invests in the communities where teachers teach. Attracting and retaining qualified teachers has very little to do directly with housing, but it does impact overall economic development and growth of communities.

Accountability:
IFA would report results regularly.

Recommendation QL – 7:
New Teacher Retention Initiative

In order that Iowa retain its own citizens who have trained to become new teachers, the State of Iowa would forgive 10% of the student's loans per year (maximum of $3,000 per year) for each of the first ten years of teaching in Iowa schools.

Relationship to mission:
Iowa needs to "grow" its communities with quality of life factors such as education, recreation, and entertainment in order to survive in the new century. Quality education is the cornerstone in assuring a quality of life in Iowa communities. Attracting qualified teachers can help assure that our schools remain first class.

Problem statement:
Iowa is not attracting its own young people who have trained to be teachers to stay in the state to teach; about half of the graduates leave the state and another 20% of the remainder leave teaching within three years. In addition, fewer qualified young people are considering teaching as a viable profession. Up to 1/3 of all the current teachers and administrators in Iowa will retire in the next five years creating a major demand for new teachers. While wages for teachers need to rise, student loan repayment can achieve a similar result. Many students graduate with more than $18,000 in student loans. These loans prevent new teachers from qualifying for a mortgage and becoming homeowners in the community where

they teach. We need more teachers, we need younger teachers, and we need teachers to own homes in the town where they teach.

In addition, the only loan forgiveness programs in place are "front end" programs which assist students while they are in school. No "back end" programs currently exist to attract teachers to stay in the state, attract teachers from other states, or attract prospective teachers who are in other fields and need to go back to school for certification.

Expected outcomes:

Short term:

Many more graduates in education will be convinced to stay in Iowa (currently about 50% of the graduates take teaching jobs in other states) and some will also be convinced to go into education as a field where they can make a living. In addition, additional college students need to opt to go into the educational field. Also, prospective teachers who might make a mid-life career change need some financial incentive to go back to school and soften the transition.

Long term:

Teaching positions in Iowa will be filled more easily which will result in an improvement in the quality of schools and education for the state. Ultimately, teachers will be able to qualify faster for a loan to buy a home in the community in which they teach.

Steps needed to implement recommendation:

- Guidelines to govern the program need to be determined to include minimum/maximum amounts to be repaid per teacher, who will administer the program, how lending institutions should be involved. An outreach campaign to publicize the effort (given a catchy name to attract media attention) needs to be put into place. Timeframe: early 2001.
- The Legislature should set aside approximately $2.6 million per year for student loan repayment (ability to pay loans for 1500 students, averaging $1,750 per year in loan repayment). Timeframe: upcoming legislative session.
- A tracking system should be established to document how each teacher benefited from the program and how it has helped staff schools which would otherwise fail to attract new teachers. Timeframe: on-going, with annual reports.

Agencies, organizations and others involved including lead agency:

The Iowa College Student Aid Commission is best positioned to administer a student loan repayment program. The universities and colleges of the state, as well as the Department of Education, need to help market the program.

Benchmarks:
School districts offering quality education are essential to guaranteeing "quality of life" issues which promote the sustainability of their community. Goals should include the ability for all school districts to have a pool of qualified teachers in all positions from which to choose, there should be no college student foregoing the education field due to financial concerns, and (eventually) home ownership rates for teachers rising.

Resources needed to implement recommendation:
A $2.6 million annual appropriation from the Legislature and a staff of 1 FTE with appropriate office space and an administrative budget of $85,000 per year for those who would administer the program through the Iowa College Student Aid Commission.

Impact on housing and non-housing issues:
Attracting qualified educators has very little to do directly with housing but it does impact overall economic development and growth of communities.

Accountability:
The Iowa College Student Aid Commission would report results regularly.

Recommendation QL – 8: Rural Quality of Life Innovations

The state should work to help small and under served communities attract and retain "quality of life" infrastructure businesses and organizations (i.e., grocery stores, gas stations, drugstores, day care facilities, and medical clinics).

Relationship to mission:
There are certain services which must go hand in hand with housing: food, medical care, transportation, and childcare. To look at providing housing without these basic services is to make the housing unusable. In small communities where the basic service needs are not being met, the state has a role to play in helping those communities attract and retain the services needed to meet the basic needs of the population.

Problem statement:
Without the basic services, communities continue to lose population and housing deteriorates. With a small population, communities cannot attract basic services. It becomes a vicious cycle. The state has a role to play in developing partnerships to help attract these services to under served communities.

Agencies, organizations, or other entities involved:
Iowa Department of Economic Development.

Recommendation QL – 9: Community Investment Tax Credit for Towns Under 15,000 Population

The State of Iowa will develop a Community Investment Tax Credit. This tax credit will be used for such items as swimming pools, recreation centers, athletic fields, and community or senior centers. The tax credit will be used to improve or build new facilities. This tax credit will not be used for infrastructure or other non-quality of life needs such as cemetery improvement. The tax credit would be a collaboration of cities, schools, and a non-profit organization where the city and the school lease the facility from the non-profit organization. The non-profit will look for investors to purchase the tax credits.

Relationship to mission:

Creating a community investment tax credit will offer communities a unique opportunity to create partnerships with other organizations to provide key components of quality of life needs.

Problem statement:

The housing crisis in Iowa is a very complex issue and a key portion of that puzzle is what elements are needed in our communities to attract people. What Iowans need for a satisfying lifestyle revolves around such items as swimming pools, recreation centers, community centers, soccer fields, athletic fields, daycare centers, senior centers, and cultural centers. Iowa's rural and urban communities cannot compete with other states and communities that provide recreation and entertainment to their population.

Expected outcomes:

Short term (1 – 3 years)

As the community investment tax credit is being created in the first 18 months, the structure, criteria, and funding mechanisms will be developed. In the second 18 months, guided by the state housing policy and defined need, the community investment tax credit will begin to provide funds to communities through a variety of innovative means.

Long term (more than 3 years)

The long term efforts should see an increase in communities utilizing this tool to build and update the needed elements to attract and retain the valuable resource of its citizens. Throughout the short and long term periods benchmarks will need to be developed to guide the policies and programs specific to the tax credit.

Steps needed to implement recommendation, including time frame:

January-June 2001

- Create a legislative vehicle allowing a community investment tax credit.

- Create an education initiative on the value and demand for the community investment tax credit.
- Identify a designated agency or organization to be responsible to administer the program.
- Develop a public/private governance structure.
- Develop an evaluation process for programs and policies.

June 2001-June 2002

- Appoint a governing entity.
- Market the community investment tax credit to investors and supporters.
- Market the community investment tax credit to the public sector, private sector, and nonprofit organizations.
- Maintain education and information effort on an ongoing basis.
- Conduct regular evaluation of programs and policies.

Agencies, organizations, and other entities involved:

A great number of organizations must be involved in development, maintenance, and ongoing success of a community investment tax credit. Federal, state, quasi-government, and nonprofit interests must be engaged and active in the community investment tax credit. Those that should be involved include, but are not limited to:

- State: Legislature, Governor, IFA, Department of Economic Development, Iowa Workforce Development, Department of Human Services, Department of Public Health, Rural Development Council, Department of Transportation, Department of Elder Affairs, Department of Human Rights.
- Federal: congressional delegation, USDA Rural Development, Housing and Urban Development, Health and Human Services, Department of Transportation, Department of Labor.
- Public/private entities: Community Development Corporation, arts and cultural councils.
- Non-profit community, including organizations that range from special needs to economic development.

Benchmarks:

January 2001- June 30, 2002

- Legislation in place.
- Governing entity in place and operating.
- Adequate funding.

December 2002

- Three initial projects.

January 2003

- Additional 15 projects.
- Increase funding sources.

Resources needed to implement recommendation, and suggested source:
Further research will be needed by financial institutions for legal details on tax credits.

Impact on other housing issues and programs; impact on non-housing issues:
The elements of our communities providing adequate elements for quality of life is crucial in attracting and retaining Iowans in Iowa. As Iowa attracts better qualified citizens, the quality and size of new businesses will increase, number of people who can afford housing will increase and provide a greater tax base for the communities and ease the current housing shortage by freeing up existing housing. A community investment tax credit will ensure that Iowa's much-needed workforce will have a satisfying lifestyle as well as a satisfying work environment.

Accountability:
Oversight responsibility for the community investment tax credit will lie with the general public, the Governor, and the legislature and the appropriate state department as identified by the legislature.

Recommendation QL – 10: Eliminate or Increase Bond Cap

Eliminate or substantially increase the state bond cap.

Problem statement:
There are literally thousands of buildings in Iowa that are historically significant that need rehabilitation and could add significantly to the housing initiatives and the fabric of society and local communities. Last year's historic tax credit law is excellent, however the amount allocated does not even come close to addressing the need. Other states have similar laws with very high limits or no limits at all. Simply, that historic tax credits are not revenue generators but are critical to the possibility of having certain housing initiatives. Almost all "historic housing rehab in Iowa" needs this historic tax credit to underwrite projects. Rural Iowa would particularly benefit due to high impact projects and main street beautification.

Expected outcomes:
Proliferation of exciting projects throughout the state – urban and rural.

Recommendation QL – 11: Shaping Urban and Rural Financial Services Policies

The State of Iowa needs to establish a state housing policy to target more financial assistance services to Iowa's inner city and downtown communities and small towns. These services include:

- Develop a state-city/state-town housing partnership.
- Identify financial tools that are particular to urban areas.
- Develop a metropolitan planning strategy that focuses on housing and neighborhood development.
- Target specific housing services for small town development.

Relationship to mission:

The assessment of the current housing stock by researcher Dr. Heather McDonald documents the lack of housing resources for both the small town and urban areas and to certain economic and age groups. A disproportionate number of social and economic conditions exist in urban areas that makes housing development more difficult. Iowa treats all financial assistance requests without differentiating between these conditions. In essence, Iowa is not targeting its programs to the most difficult markets to develop.

Problem statement:

The larger urban areas of the state have little or no coordinated housing policy from state policymakers. Specifically, the state has no housing strategy. As a result, Iowa has not responded appropriately to the crises of inner city deterioration and a lack of affordable and market-rate housing in inner cities and downtown areas. There are limited resources to assist the larger urban areas in targeting or directing their efforts in developing housing that is part of a larger policy. And as a result, the development of market-rate housing and rehabilitation of existing housing in urban communities is lagging behind other states with respect to redevelopment of urban housing design for young professionals – the very people the Governor and other policymakers have stated they are trying to attract.

Today, we have the lowest number of farmers and the highest number of off-farm income earners in our history. The rural population is shrinking as fast as urban sprawl is expanding. However, while rural areas are losing population, small towns in Iowa are attracting manufacturers at a rate three time more than in urban areas. While agriculture still provides the greatest income of any industry in Iowa, it does not follow that we are only a rural state. Iowa, at the millennium, is now an urban state and our urban centers and small towns are magnets for economic growth and population explosion.

Case Study #1

One city that has demonstrated self-reliance is the City of Waterloo. It has successfully initiated a "Renew Waterloo" program which has comprehensively addressed inner-city housing needs. The Neighborhood Services Team promotes revitalization of inner-city neighborhoods by: 1) provides support to neighborhoods, 2) brings together action teams to approach issues proactively, 3) promotes neighborhood efforts, and 4) serves as an initial link to community resources. This proactive approach allows city officials, neighborhood leaders, real estate developers and ordinary citizens a path to identify financial and community service resources.

Expected outcomes:

The creation of a state housing policy would help coordinate the state's resources to a targeted geographical area. This will create several benefits:

- There will be greater identification of unique problems affecting distressed areas in Iowa's inner cities.
- There will be greater emphasis on creating new financing packages targeted to highly populated areas.
- A state policy will allow decision makers to direct housing development by matching local goals with state resources, especially in Iowa's small towns.

Steps needed to implement recommendations:

November 2000 – January 2001

- Governor issues an executive order to develop a state housing policy by requiring state agencies to identify all housing and community development programs.
- Designates IFA as the coordinating agency.

January 2001 – June 2001

- IFA convenes an "urban/small town hall summit" to discuss and develop goals and objectives for an effective state-city/town partnership.

June, 2001 – December, 2001

- IFA submits state housing policy plan to Governor and the legislature.

Agencies, organizations and other entities involved:

Clearly, there are a number of state agencies impacted by this recommendation. The numerous programs that have duel functions are presently spread across the following federal, state and quasi-public agencies:

- State: Iowa Finance Authority, Iowa Department of Economic Development, Iowa Department of Human Services, Department of Human Rights, Iowa Emergency Services and the Department of Cultural Affairs.

Recommendation QL – 12: Administrative Rules and Policy Audit

IFA and the Legislative Service Bureau should jointly review the administrative rules of the Fiscal Bureau relating to fiscal notes for real estate and housing-related legislation. Administrative rules should be changed to reflect more accurate fiscal impact.

Problem statement:
When legislation is proposed which has an impact on the state's revenue, the Legislative Fiscal Bureau develops a "fiscal note" that represents the final determination of the budget impact as a result of that legislation. Under current rules, for a number of items, the fiscal bureau and fiscal notes do not fairly and properly reflect the true budget impact of certain legislation. For example, the state historic tax credit law in the 2000 session was given a fiscal note that gave "revenue impact" at the exact face value of the amounts of credits. The tax credit legislation should, at the very least, have included offsetting revenue directly related to the physical rehabilitation.

Expected outcomes:
Policymakers can make a more accurate and better-informed fiscal decisions.

Recommendation QL – 13 : Adopt "Livable Wage" Policy

Iowa should coordinate economic development subsidies and initiatives (through DED) with IFA, and Iowa should adapt a "livable wage" (as defined in Code of Iowa in ACE Legislation) policy for funding and approval of economic development projects. "Low wage" projects result in having workers who require a subsidy for living.

Problem statement:
Economic development strategies frequently are not coordinated with housing initiatives, and each needs the other to be successful. In order for the state or a community to lure a major business, part of the sales pitch is to demonstrate available, affordable, and attractive housing. Moreover, it is much easier to provide housing for workers who are making good wages so that the "gap" is lessened.

Rental Committee

The Rental Committee considered various approaches and recommendations that would increase the number of rental units available, balance them with the demand in specific locations, and improve the quality and safety of rental units. Rental housing is increasingly needed in different size communities for individuals, couples, and families just starting out or even for elders seeking alternative housing as they move into a different phase of their lives.

Recommendation R-1: Establish New Funding Resources

Note: This recommendation was combined with several other recommendations to create Task Force Priority Recommendation 1, State Housing Trust Fund. Please refer to pages 30 and 43 for additional information.

The State of Iowa will foster the development of additional affordable housing by establishing new funding resources.

- Create a state low income housing tax credit (LIHTC) program with priority given to rent-to-own projects.
- Increase funding of the state historical tax credit from $2.4 million to $15 million.
- Create a state housing trust fund.
- Set aside 25% of Tax Exempt Private Activity Bonds (PAB) for the development of affordable multi-family housing.

Relationship to mission:

This recommendation is directly related to the goals of the Housing Task Force. This recommendation will provide additional funds for the development of more affordable rental housing. A state LIHTC program will leverage additional private funds and the PAB will leverage additional Federal LIHTC. A state LIHTC program that is structured to permit the development of rent-to-own projects will also foster homeownership for low-income individuals and families. Additionally, increasing the funds available through the state historical tax credit will help rehabilitate properties into quality housing while preserving a community's heritage and existing housing stock. A state housing trust fund will provide a new dependable and renewable source of funds and all of these resources will generate additional economic activity in our state

Problem statement:

There is a tremendous need for additional affordable housing in Iowa. Iowa is currently ranked 47th among states in spending on housing. There are over 50,000 individuals, seniors, families, and persons with disabilities that are extremely low-income or very low-income and are either cost-burdened and/or living in substandard housing across our state.

The programs currently available to assist in the development of affordable housing have helped to close the gap between supply and demand, but despite those efforts the gap remains large and additional measures are necessary to remedy our state's current housing condition. Quality affordable housing is the foundation for success of our low-income families and individuals and is crucial to the health and quality of life for everyone. The creation of a state LIHTC program, a housing trust fund, and the set-aside of PAB will go a long way in further closing the gap and fostering a quality housing environment.

Additionally, there are numerous low-income individuals and families who would make good homeowners, but are unable to save enough money to make a down payment and/or are unable to find an affordable unit to buy. LIHTC projects that were designed so that after the initial compliance period the tenants would be able to own their own home would be an excellent contribution to increasing rates of homeownership.

Finally, many communities have a depressed housing stock, that, if rehabilitated, could serve as quality affordable homes. An increase in funds available through the state historical tax credit program is one way to assist in restoring much of our state's housing. Rehabilitation of historical properties can often be more expensive than new construction, and additional funding is needed if rehabilitation and restoration is to truly be effective in preserving and increasing our state's housing stock.

Expected outcomes:

Short term (1-3 years)

In the first year and a half, the state LIHTC program and the housing trust fund will be established, including guidelines and applications. Legislation will be passed that will provide $15 million for the state historical tax credit program, and 25% of the PAB will be set aside for the development of affordable multi-family housing. Additionally, priorities will be determined for each program, and a system of monitoring and evaluation will be implemented. Housing trust funds can be used to guarantee loans, provide direct equity investment, create additional rental assistance, provide gap financing, and buy down interest rates for affordable housing projects.

Long term (more than 3 years)

In the long term, the supply of affordable housing should increase at a greater rate than is currently being developed. Iowa would begin to see an increase in private investment in affordable housing throughout the state by businesses and industry located in many communities. Within 15 to 17 years, Iowa would begin to see projects that were designed under the rent-to-own option begin to turn over to owner-occupied units. In the long run, we will also likely see more businesses locate in Iowa as the affordable housing stock increases. Adequate housing for entry level employees is often a crucial factor in business' decisions to locate in a particular area. With the continued long term commitment to improving our state's housing condition, we will also see more individuals and families choose Iowa as their home. This will assist our state in recruiting and maintaining a talented and dedicated workforce.

Steps needed to implement recommendation, including time frame:

January 2001 – December 2001

- Additional funds are allocated to the state historical tax credit program.
- Guidelines for the state LIHTC program are developed.
- Criteria are established that will encourage rent-to-own projects.
- A provision in the law that permits one entity to receive the state tax credits and another to receive the federal tax credits is created.
- Legislation is passed that will set aside 25% of the PAB.
- Section 7C is revised to permit 180 days to close bond transactions instead of the current 75 days. This is crucial given the complex nature of multi-family housing development and the coordination of funding.
- The "first come first served" approach to allocation PAB is reevaluated.
- Legislation is passed establishing the housing trust fund.
- At least two renewable funding sources are dedicated to the housing trust fund.

January 2002 – December 2002

- Projects are awarded funding under the expanded state historical tax credit program, the state LIHTC program, the revised PAB Cap, and the new housing trust fund.

January 2003- December 2003

- Applications continue to be accepted and funds awarded.
- Evaluation of all four programs.
- Recommendations regarding ways to promote the efficient use of funds from the tax credit programs are made and implemented.

Agencies, organizations, and other entities involved:

The Iowa Finance Authority is in the best position to develop guidelines for a state LIHTC program and to provide compliance monitoring given their experience with the federal LIHTC program. However, other agencies such as USDA, IDED, and HUD should be invited to participate in the creation of the state program. The Division of Cultural Affairs, administrator of the state historic tax credit, should also coordinate its efforts with the other state agencies that fund housing. Guidelines for the housing trust fund and the private activity bonds should also be created with diverse participation by the Governor's office, the Legislative Fiscal Bureau, IFA, IDED, USDA, HUD, and other stakeholders in the affordable housing arena. Since many projects will have multiple funding sources, it is important that these four funding sources complement the housing programs that currently exist. The timing and administration of these four programs is crucial. Priorities should be identified by all agencies involved with affordable housing development, and those priorities should be maintained consistently throughout the agencies and their applications.

Benchmarks:

Progress toward the creation and successful implementation of a state LIHTC program, participation in rent-to-own programs, increased funding of the state historical tax credit program, the utilization of a housing trust fund and the restructure use of PAB will be easily measured. The number of projects participating successfully in each program will be a clear overall indication of progress.

January 2001 – December 2001

- Legislation in place that allows for the creation of the state LIHTC program.
- Legislation in place that allows for tax credits to be bifurcated, allowing one entity to receive the state tax credits and another entity to receive the federal tax credits.
- Legislation in place that provides additional funding for state historical tax credit program.
- Legislation in place for the 25% set aside of PAB.
- Legislation in place for the creation of a housing trust fund.
- Timing of all programs has been coordinated.
- Program guidelines are in place.
- Agency responsibilities are clearly defined and in place.

January 2002 – December 2002

- Applications for State LIHTC program are made available in conjunction with the Federal LIHTC program application cycle.
- Applications for the State historical tax credit program are made available.
- Applications for PAB are made available on a revised schedule (180 days).
- Applications for housing trust funds are made available.
- Funds are awarded under all four programs.
- All funding is dispersed.

January 2003 – December 2003

- Projects are developed under all four programs.

Resources needed to implement recommendation, and suggested source:

Very little additional direct funding will be necessary to cover administrative costs. The state LIHTC applications could be identical to the application for federal tax credits and the review process could be simultaneously conducted. Compliance monitoring of the state program can also be performed in conjunction with the monitoring already required for the federal program. A total of $15 million in state low-income housing tax credits should be allocated annually and the state historic tax credit should be increased to $15 million annually. Reduction in state tax revenue will be offset by the increase in tax revenue generated by the construction costs, interest, services, fees, etc. associated with the development of additional housing units. No additional funds are necessary for the Private Activity Bonds. The increase in affordable housing under the PAB will come from restructuring the set aside.

The housing trust fund will require a substantial amount in annually-renewable funding. However, there are several sources available that do not require the use of tax revenue. Sources of funds for the housing trust fund include:

- Interest on nominal short-term deposits, that by nature cannot (or should not) benefit their depositors can be aggregated statewide for reinvestment in affordable housing projects. Sources of interest funds include:
    - Tenant security deposits.
    - Sale escrow deposits.
    - Mortgage escrow deposits.
    - Interest from utility deposits.
- Grants and loans from corporate and philanthropic foundations.
- Surplus bond reserve funds.
- TIF – a percentage of a city or county wide tax assessment on new construction can be used to capitalize the housing trust fund.
- Title transfer tax/conveyance fees (first time homebuyers could be exempt).
- Mortgage recordation fees.
- Escheated and abandoned funds.
- Lottery proceeds.
- In-lieu of fees.
- Hotel/motel tax.
- Court settlements or fines for code violations.
- Auction or sale of seized property (i.e. property confiscated during drug arrests, unclaimed property such as bikes and cars, etc.).

There could be two sources of direct funding, one state and one federal, that could be leveraged to capitalize the housing trust fund.

- The state would appropriate $30 million per year for each of the next 20 years. This appropriation would be used to leverage $300 million in the first year by issuing bonds that would be repaid over the next 20 years with the annual appropriations. The proceeds from the bond issue would be immediately invested. The interest earned on the investment along with the principal amount would be dispersed in the form of loans for affordable housing projects. Since the annual principal and interest payments on the bonds would be covered by the annual appropriations, project loans could range from no interest to market rate, depending on the project and its payback ability. As loans are repaid, additional loans can be made.

- The second leveraging fund for the housing trust fund would be to utilize the HUD 108 Loan Guarantee program. The state (IDED) can borrow up to five times its annual CDBG entitlements for projects that benefit low- and moderate-income people. In 2000, the state CDBG allocation was $30 million. Therefore, the maximum amount that could be borrowed would be $150 million. HUD usually sells debentures in the private market to fund the 108 loans. Iowa would need a waiver to allow the state to pledge its CDBG funds to capitalize the housing trust fund. These funds could be loaned to developers at market rates of interest (i.e., mixed-use projects that meet CDBG requirements, all the way to deeper subsidy projects). The state also could use some of its HOME dollars to reduce interest rates. The advantage of the 108 program is that the state continues to get full use and allocation of the normal CDBG annual allocations from HUD. The only time the annual CDBG funds would be reduced would be if the 108 loans defaulted and there was a need for funds to pay the default not covered by the project (the state must pledge CDBG funds as collateral for 108 loans).

A revolving loan fund could be established by using the funds generated from the repayment of loans issued by the housing trust fund. Over time, fewer annually renewable sources of funding for the housing trust fund will be necessary.

Impact on other housing issues and programs; impact on non-housing issues:
The federal LIHTC program has been instrumental in creating numerous affordable housing units across our state. The ingenuity of the federal program is its ability to leverage private funding. A state LIHTC and historical tax credit program will have the additional ability to specifically leverage local private funds. The positive impact on the availability of quality affordable housing in the state will be seen almost immediately.

Since some of the existing categories are not presently using their full annual allocation of PAB cap authority, there will be little, if any, direct negative impact. In fact, the housing trust fund, the PAB, and the state LIHTC and historic tax credit programs will lead to numerous positive effects. Banks will increase their loan volume. Construction trade unions benefit from increased employment ($100 million investment in new housing generates 6,740 new jobs and $144 million in income). Communities benefit from increased public subsidies. State and local governments benefit from increased income taxes ($10 million to $30 million for every $100 million invested) and from increased revenue from property taxes. The federal government receives increased income tax revenue. Low- and moderate- income citizens benefit from the increased availability of quality affordable housing.

Accountability:
Oversight responsibility for the implementation and successful use of this multifaceted recommendation will lie with the Iowa Finance Authority. The legislature and Governor will also be responsible to see that the legislation necessary for the creation of these programs is passed and that they are funded sufficiently.

If this recommendation is not implemented, Iowa will be faced with much of the same insufficient and unacceptable housing conditions that ultimately led to the creation of the Governor's Housing Task Force. Failure to successfully implement these four programs will result in the continued exodus of families and individuals from the state, a factor that will have a negative ripple effect throughout the state's social, educational and economic arenas.

Recommendation R-2:
Education on Benefits of Affordable Housing

Note: This recommendation was combined with one other recommendation to create Task Force Priority Recommendation 3, Housing Public Education and Information. Please refer to pages 32 and 49 for additional information.

The State of Iowa will develop an education program to create an informed atmosphere that emphasizes the necessity and positive benefits of affordable housing, to ultimately contribute to the increased availability of decent, affordable places for Iowans to live. This education program should be designed in a fashion similar to the currently successful program "Housing Minnesota," currently being utilized in the state of Minnesota.

Relationship to mission:
Creating a statewide education program will bring accurate information to the public debate on affordable housing to support the Governor's comprehensive housing plan and ultimately contribute to the increased availability of affordable housing in the state of Iowa.

Problem statement:
The state of Iowa has never had a comprehensive housing plan or strategy, and housing programs are small. In order to build broad based support for a strategy, a program needs to be developed to provide promote community and policymaker understanding, as well as engagement and support of an affordable housing plan for the state.

Expected outcomes:
Short term (1 – 3 years)
The immediate outcomes would include a survey of representatives of the intended audiences, and a development of a comprehensive communication plan. A collaboration of members would work within the local communities to foster increased support for affordable housing. The production and broadcast of advertising materials would begin, as well as campaign policy initiatives. Initial movement within the public to support a significant increase in state resources for affordable housing would begin as well.

Current Housing Task Force members would serve as advocates within their own organizations and communities to support the education programs and foster communication and feedback. This will support the goal of implementation of the recommendations during 2001 and 2002 through executive branch action, rulemaking and legislative initiatives.

Long term (more than 3 years)
It is expected that continued survey of the representatives of the intended audiences would lead to a more tightly-focused campaign to continue to gain momentum in the development and support of affordable housing. As needs in the state shift, the focus of the education program should adjust accordingly to met those changes. The ideal long term outcome is increased statewide understanding and support of affordable housing through education.

Steps needed to implement recommendation, including time frame:
The first year of this program will involve solicitation of a collaborative effort of organizations to broadcast the education message. It will require a lead funder similar to The Minneapolis Foundation, as well as support from the Iowa Finance Authority and related organizations. Mass media representatives will need to be included for surveys of intended audiences, messengers of the campaign and possible funders. A subcommittee of the Governor's Housing Task Force, operating under the Iowa Finance Authority, would lead the initial effort to create the statewide campaign. Key audiences, goals, and objectives would be created in the first year, as well as the initial advertising materials. Subsequent years would include grassroots organizing, strategic placement of advertising, and campaign policy development, with a growing effort of widening the collaborative effort to strengthen broad-based support.

Agencies, organizations, involved:
The lead agency should be the Iowa Finance Authority. Related organizations, both profit and non-profit, including private and public housing agencies, would be involved, as well as media representatives. The widespread collaborative effort would include agencies and organizations throughout Iowa including all counties and communities.

Benchmarks:
Ongoing surveys of the intended audiences, as well as feedback from affordable housing advocates and developers will measure the progress of the education program, and serve as indicators of modification of its focus.

Resources needed to implement recommendation, and suggested source:
Similar to the existing "Housing Minnesota," the initial education program will require lead funders. Expected sources would include the Iowa Finance Authority, private housing foundations, and statewide housing funds similar to funders of the housing assessment completed for the task force.

Impact on other housing issues and programs; impact on non-housing issues:
This education program should have an extremely positive impact on housing issues and programs as it will raise awareness and build broad-based support of affordable housing issues. This broad-based public and policymaker support will allow for increased resources

for housing issues, and a positive effect on economic development within the State of Iowa, another initiative of Governor Vilsack.

Accountability:

The subcommittee of the Governor's Housing Task Force will take initial responsibility for the creation of the program. The Iowa Finance Authority will provide support for the subcommittee. If this education program is not created as a part of the recommendations of the Governor's Housing Task Force, it will severely limit the effectiveness and support of the final recommendations from the Task Force. This program is an important component for a coordinated, targeted, efficient, and effective use of public resources to improve the affordable housing environment in the state of Iowa.

Recommendation R-3: Reduce Barriers to Affordable Housing

Note: This recommendation was adopted as Task Force Priority Recommendation 7, Reduce Barriers to Affordable Housing. It is also listed on pages 36 and 60 as a Task Force Recommendation.

Iowa will reduce barriers to affordable housing by:

1. prohibiting discrimination based on the use of rental vouchers under the Section 8 program;
2. requiring good cause for termination in manufactured home parks;
3. creating a deposit assistance program;
4. eliminating the option for nearby property owners to force a "supermajority" vote of a city council when rezoning is needed for a housing project;
5. creating a risk reduction program to assist certain low and moderate income tenants;
6. facilitating the production of units for persons with disabilities, and;
7. establishing consistent and appropriate procedures for the property tax valuation of affordable housing.

Affordable housing is a scarce commodity in Iowa. Low-income families have the most severe housing problems in the state, according to the report presented to the Governor's Task Force on Housing, *Assessing Iowa's Housing Needs: An Evaluation of Housing Policy at the Turn of the Century.* Certainly, more affordable housing needs to be created. However, the elimination of barriers to affordable housing will have the effect of increasing the affordable housing options available, often with minimal expense. The Affordable Rental Housing Committee proposes the following measures to reduce barriers to affordable housing in Iowa:

1. Iowa should prohibit discrimination based on the use of rental vouchers under the Section 8 program (42 U.S.C. '1437f).

Many landlords refuse to rent to tenants with vouchers. The federal law creating the Section 8 program does not require that landlords accept the vouchers. However, exclusionary policies on the part of landlords deprive tenants of the full range of choices the program was intended to create. Policies of "no Section 8" do more than undermine the effectiveness of the subsidy. Such policies also may be a pretext for discrimination against persons otherwise protected by fair housing laws: persons of color, families with children, and persons with disabilities. Even if a landlord does not consciously intend to discriminate against these groups, the effect of a "no Section 8" policy is to deny housing opportunities to these groups.

Another group is affected by such policies. Women fleeing domestic violence often need supports such as vouchers to effectuate their escape. These women may well suffer economic hardships when they separate from their abusers, and without such supports may be forced to return. If the victim of domestic abuse cannot establish her own household, she may fear she will be at a disadvantage in any upcoming custody dispute. Shelter directors indicate that "no Section 8" policies are a substantial problem for victims of domestic violence.

These policies are the result of prejudging persons who receive vouchers. Such prejudice is unfair and hurtful, especially to Iowa's most vulnerable and under-resourced populations. Landlords would still be free to decline to rent to persons with bad rental histories. They would simply be asked to evaluate each tenant on his or her own merits, rather than relying on prejudice. Landlords would need to complete some paperwork to participate in the program, but the administrative burden is minimal. HUD has eliminated program requirements that were perceived as disincentives for landlords to participate, so that, now, voucher tenancies are practically identical to other tenancies.

The resources needed to produce the proposed legislation would be minimal. Other state have experience with this issue, and their laws and court decisions would be instructive. The resources needed to enforce the anti-discrimination provision would be incremental, since the Iowa Civil Rights Commission already enforces fair housing laws.

2. Iowa should require good cause for termination in manufactured housing parks.

Iowa should enact an amendment to Chapter 562B of the Iowa Code to require good cause for termination of the rental agreement for a manufactured housing space. Manufactured housing is sometimes the only affordable housing available to Iowans. Few people who own a manufactured home also own the site on which it is placed. This population is vulnerable to the loss of affordable housing through unfair eviction. Changing the law to require good cause for termination of the rental agreement on a manufactured home space will improve the affordable housing environment in Iowa, and prevent the loss of resources which occurs when a manufactured housing tenant is forced to move his or her home without good cause.

Although a manufactured home is often referred to as a "mobile home," the only trip such a home usually makes is from the factory to the manufactured home park. The costs of moving even a relatively small manufactured home can be prohibitive, given the resources usually available to residents of manufactured housing parks. In addition, there is a shortage of spaces for manufactured homes, and zoning laws may restrict the number of spaces which will become available. Given the expense of some manufactured homes, the scarcity of spaces for them, and the expense of moving the unit, it is inevitable that such homeowners will feel helpless to resist rent increases, unreasonable rules, or unfair practices. Some owners will be forced to abandon the unit, thus losing their investment and their home. Others may be able to move the unit, but will lose the resources required to move the unit, which can total thousands of dollars. At present, Iowa's mobile home park statute, Chapter 562B, does not require that termination of a rental agreement be for good cause. The Iowa Supreme Court interpreted Chapter 562B in the case of Sunset Mobile Home Park v. Parsons, 324 N.W.2d 452 (Iowa 1982). The court ruled that Iowa's statute does not require good cause for termination of the rental agreement for the mobile home park space. A legislative change would be required to provide protection from unjust eviction for manufactured housing owners.

It is anticipated that some of the long term effects will be that the resources of low- and moderate-income Iowans will be used more efficiently, in that manufactured housing owners will not have to risk the loss of their investment, or the loss of thousands of dollars spent on unjust evictions. A reduction in forced moves will strengthen families, prevent disruption of educational experiences for children, and give some measure of comfort and stability to elderly residents of manufactured home parks. It will provide balance between landlords and tenants, and provide an opportunity for the parties to negotiate about park conditions, leading to improved conditions in manufactured home parks. This, in turn, may lead to a greater acceptance of manufactured home parks, which may reduce the restrictions on the development of additional manufactured home parks. This will improve affordable housing options for low- and moderate-income Iowans.

The resources to produce proposed legislation would be minimal. The majority of states already require good cause for termination. The statutes of other states could be reviewed, as well as the Manufactured Home Owner's Bill of Rights. There would not be any costs to implement the new law, since park owners would simply refrain from evicting manufactured home owners without good cause.

3. Iowa should create a deposit assistance program.

Iowa should enact legislation to provide for a fund to assist low-income renters with rental deposits. Counties would receive funds based on population. Each county could determine the agency which would handle the funds. Limits would need to be set on the amount of the assistance which could be obtained, possibly linked to the fair market rent for the area. Limits would also need to be set on how often an applicant could access the fund. At the end of the tenancy, the remaining funds could be remitted to the agency that disbursed them, replenishing the fund.

Several years ago, Iowa amended its landlord-tenant statute to permit landlords to charge up to two months' rent as a deposit, instead of one month. Therefore, tenants may be asked to pay the equivalent of three months of rent before they can move in. For some low-income renters, especially those in homeless shelters or domestic violence shelters, this poses an impossible hurdle. In addition, Section 8 voucher holders now must pay deposits just as any other tenants. (Until the past several years, the program took into account the problems faced by low-income tenants in obtaining money for deposits and set the deposit at the amount of the tenant's share of the rent. Landlords were protected against loss because they could make a claim against the housing agency if damages exceeded the deposit.) There are very few sources of assistance for deposits. Families that are eligible for FIP can sometimes obtain emergency assistance for deposits. The Emergency Shelter Grants Program may be used to help with deposits. For the vast majority of low-income renters, however, there is no help. A low-income family may obtain a Section 8 voucher which would reduce the rent to $200 per month, but be unable to take advantage of this benefit because it cannot afford to pay $1,200 for a deposit (2 X $600).

Initially, the Legislature would need to appropriate funds to start the program. Over time, funding for this purpose might come from the interest on tenant rental deposits. Right now, landlords are required to keep deposits in a separate account. The interest on the deposits goes to the landlord for the first five years. If a tenant is in the unit longer than that, the interest goes to the tenant. Iowa could change this so that the interest goes into a fund, much like the Interest on Lawyers Trust Accounts. The money generated could help pay for a deposit assistance program. Landlords with only a few units could be exempted from this provision.

4. Iowa should eliminate the present mechanism which allows 20% of nearby property owners to force a "super majority" vote of the city council to re-zone property for housing.

Iowa law presently facilitates the "not in my back yard" (NIMBY) response when a housing project is proposed. Only one or two nearby property owners can force the vote of the city council to be a three-fourths vote, instead of a simple majority. Although adjacent landowners should have an opportunity to be heard on this or any zoning issue, this right must be balanced with the needs of the greater community. As the statute (414.5) is written, it creates a significant level of additional risk for developers and serves to discourage housing development. Eliminating this provision with respect to housing will encourage the development of affordable housing, and will in turn encourage private and public development initiatives, attract investment capital, and produce additional housing opportunities for low- and moderate-income Iowans.

5. Iowa should create a risk-reduction insurance program to assist certain low- and moderate-income tenants.

Some tenants have made mistakes in the past that continue to haunt them for many years. Even though they may have made significant changes in their lives, they may still have a difficult time finding rental housing. Iowa should create a pilot program of risk reduction that will provide landlords with protection against the loss of rental income or tenant damages. Tenants who wish to participate in this program would pay an additional fee each month to a fund. The fee could vary depending on the risk factors. Landlords who wish to rent to tenants in this program would be protected to a specified limit for losses owing to unpaid rent or damages. Landlords could receive background information about the tenant at no charge, and have units advertised to tenants at no charge. The funds for the program would come eventually from tenant payments. An initial appropriation would be needed to set up the program.

6. Iowa will facilitate the production of units accessible to persons with disabilities.

The study prepared by Dr. Heather MacDonald for the Housing Task Force demonstrated that persons with disabilities are among those with the greatest need. It is believed that most of the 19,964 disabled persons identified by Dr. MacDonald have a housing problem. The number of accessible units designated for persons with disabilities totals less than 400 for the entire state (subsequent data provided by Heather MacDonald). This is clearly a segment of the population that has been underserved by our housing programs.

Affordable accessible housing units need to be specifically reserved for persons with disabilities because simple adherence to Fair Housing requirements does not ensure that those units are rented to persons with disabilities. The attempts by current programs to award points to projects with a greater number of accessible units or accessible features has not resulted in actual occupancy by persons with disabilities. Additionally, because persons with disabilities often require specialized housing, simply providing more affordable housing will not meet their needs.

All state agencies that provide funding for affordable housing development should be involved in the creation of the rules that will permit units, developed under all programs, to be reserved for the disabled. The solution will be most effective if it is widely implemented, across all housing funding sources. The inclusion of all state housing funding agencies is also important because most projects will utilize more than one funding source. Conflicting rules between programs may inhibit successful implementation. This recommendation should require very little in terms of additional funding.

7. Iowa should clarify the proper procedures for the valuation of affordable housing. Assessments of affordable rental housing projects currently vary widely. Many assessors base value on conventional market rate models. Other assessors value projects based on development costs. Still others add valuation for the amount of the tax credits and other public subsidies received by the project. They are not required by present law to consider the restrictions to value imposed by long-term restrictions on use, such as an agreement to restrict the units to certain income groups for 15 - 35 years, and the increased costs of operation owing to state and federal requirements. The result too often is that the units are taxed at a rate that the project cannot absorb. Money which should go to tenant service or to a maintenance fund is diverted to pay artificially high taxes.

Unfair real estate valuation procedures jeopardize the ongoing economic viability of projects created in recent years under the federal Low-Income Housing Tax Credit program. Excessive real estate valuation can discourage the development of needed affordable housing and contribute to mortgage defaults or poor maintenance. In essence, excessive real estate valuation can jeopardize the significant investment the state has in affordable rental housing.

Recommendation R-4: Maximizing Resources

The State of Iowa will insure rental housing programs are administered in the most effective and efficient manner by:

- Amending the Housing Enterprise Zone Law of 1998 to increase the employer housing assistance program credit to three percent and allow the ten percent income tax credit to be bifurcated from federal credits and be used to offset any state tax liability.
- Insuring energy efficiency programs are altered or created to be more compatible with rental housing.
- Insuring organized efforts to insure maximization of the leveraging of state resources with federal, local, and private resources.
- Insuring that the rehabilitation of existing rental units rather than more costly new construction is considered by state housing agencies.
- Implementing uniform financial operating standards for all rental housing programs.
- Requiring standardized formats for housing needs assessments and market studies.
- Implementing minimum construction/rehabilitation standards and requiring rental property inspections in communities with less than a population of 15,000.

Relationship to mission:

The development and implementation of a comprehensive housing strategy must insure current rental housing programs are structured in a way to maximize results.

Problem statement:
Current rental housing programs, and laws and regulations affecting those programs, are not maximizing the potential to achieve results relating to the shortage of quality affordable rental housing. Specifically, the following matters are not currently being addressed:

1. The Housing Enterprise Zone Law, enacted in 1998, is currently underutilized. First, the employer housing assistance housing program per Section 15E.196 of the Code provides for a withholding credit of just one and one-half percent of employee's wages. This credit is not large enough to encourage business participation and should be increased to three percent. Second, the ten percent income tax credit enacted per Section 15E.193A of the Code does not allow the credit to be bifurcated from any federal credits and sold to a different investor. Further, the credit can only be used to offset income tax liability. As the credit cannot be bifurcated or used to offset any tax liability, the pool of potential investors for rental housing projects is very limited. To increase the marketability of the credit, bifurcation should be allowed and credit should be able to offset any Iowa tax liability.
2. Current energy efficiency programs are not adequately addressing the needs of a large number of Iowans living in substandard housing. A large portion of the rental housing stock are very inefficient with respect to energy usage due to deficiencies such as poor insulation, outdated and unsafe heating systems and inefficient doors and windows. Energy efficiency programs should be altered or created to be more compatible with rental housing.
3. There is no organized effort by the administrators of state housing resources to insure all rental housing resources from the federal and local governments and the private sector are utilized to leverage state resources. Organized efforts need to both secure additional non- state funding and also insure that Iowa is utilizing and leveraging existing non- state resources to the greatest extent possible.
4. State-administered housing programs do not adequately consider economic growth in the allocation of rental housing funds. This has often resulted in investing in expensive new construction of rental housing in areas where economic growth is lagging. Many of the areas have an adequate current supply of rental housing that could be rehabilitated at a much lower cost than new construction. The distribution of rental housing resources must insure that costly new construction is targeted in areas with surging economic growth and that less costly rehabilitation is used where possible in areas with slower or stagnant growth.
5. State-administered rental housing programs do not emphasize long-term financial viability of projects by requiring minimum financial operation standards. This has resulted in many rental projects throughout the state that do not have the resources necessary to be maintained adequately. Uniform financial underwriting standards, including minimum debt service coverage and reserve funding levels, should be incorporated into all rental housing programs.
6. State-administered housing programs have not adopted standardized formats for housing needs assessments and market studies to utilize in reviewing proposals

requesting state funding. Housing program administrators must have uniform and accurate information in order to make responsible decisions regarding the funding rental housing projects.

7. State-administered housing programs do not currently require minimum construction and rehabilitation standards as part of the distribution of housing resources. Further, Section 364.17, which requires the adoption of a housing code, applies only to cities greater than 15,000. Both of these matters have resulted in substandard rental housing. Construction/rehabilitation standards and housing/building codes, including rental property inspections, insure that the state invests in rental housing that remains quality for the long term.

Expected outcomes:

Short term (1-3 years):

In the short term, tangible results will not be evident. The diverse nature of these stated problems require both amendments to legislation and coordination among rental housing program administrators to both amend programs and increase efforts to leverage state resources. Therefore, the first three years will be needed to get legislation and program amendments in effect.

Long term (more than 3 years):

Successfully addressing these identified problems will have a significant impact on both the effectiveness and efficiency of Iowa's comprehensive housing strategy. Specifically, outcomes include the following:

1. Existing rental housing programs will be utilized more effectively in meeting rental housing needs in Iowa. Further, state resources will be leveraged with federal, local and private funds to the maximum extent possible. Both result in maximizing resources available for rental housing.
2. State housing program administrators will benefit from having accurate and consistent data to utilize in funding decisions.
3. The allocation of rental housing funds will consider economic growth, resulting in projects involving more costly new construction in tight housing markets and rehabilitation in areas with stagnant or declining markets. This will result in the more efficient use of resources.
4. The quality and financial viability of rental housing projects will improve.

Steps needed to implement recommendation:

1. Housing enterprise zone and building code amendments – Legislative.
   - January- February 2001- Draft legislation and secure sponsors in legislature and support from the Governor.
   - March-April 2001- Pass legislation.
   - July 2001- Legislation effective.
2. Housing program changes and efforts-

- Maximization of energy efficiency programs.
- Maximization of efforts to leverage state funds with federal, local, and private funds.
- Distribution of funds based on economic growth and housing market in analysis to determine whether new construction or rehabilitation is warranted.
- Implementation of financial operation standards.
- Implementation of minimum construction and rehabilitation standards.

2001- Designate lead agency and sufficient staff to issue. Assemble necessary public and private entities affected to discuss problems and possible means to achieve desired results.
2002- Formulation of specific programmatic changes where necessary.
2003- Implementation of all issues identified in recommendation in place.

Agencies, organizations, other entities involved:

- Lead agency: Iowa Finance Authority, Governor's office
- Other public entities: Iowa Department of Economic Development, Iowa Utilities Board, USDA Rural Development, US Department of Housing and Urban Development, League of Cities, Local Government Officials, Iowa Association of Housing Inspectors, County Associations.
- Private entities: Federal Home Loan Bank, Community Housing Development organizations, equity investors, lenders, foundations, Councils of Government, private developers, housing market analysts.

Benchmarks:

Progress to be monitored by lead agency. Each of the identified problems must be individually tracked to insure implementation of all changes and efforts by the beginning of 2003. Results will be demonstrated by the following:

- Increased usage of Housing Enterprise Zone program.
- Increased usage of energy efficiency programs with rental housing projects.
- Increased non-state resources available and utilized for rental housing.
- New construction is targeted for areas with strong economic growth and a shortage of rental units. Rehabilitation targeted for areas with slower economic growth, stagnant housing markets and rental units available for and conducive to rehabilitation.
- State rental programs have implemented construction/rehabilitation standards and financial operating/underwriting standards, and have developed standardized needs assessments/market studies required to access state funds.
- Building codes, including rental inspection programs required for communities less than 15,000.

Resources needed to implement recommendations:

Resources needed for the Housing Enterprise Zone amendment to double the credit for employee assistance program to three percent will be dependent on usage. Currently, there is no usage of the credit. Resources needed to allow the 10% income tax credit to be bifurcated and to allow the offset of any type of tax liability are also dependent on usage.

The balance of problems identified require resources for the lead agency to dedicate staff time and administrative expenses involved in implementing changes.

Impact on other housing and non-housing issues:

Housing issues- Addressing problems identified in this recommendation will result in the more effective and efficient use of rental housing resources. Both the current and long term quality of rental housing will be enhanced.

Non-housing issues- Improving quality of rental housing will improve enhance the visual appeal of communities.

Accountability:

Iowa Finance Authority will be responsible to insure implementation of recommendation. If these problems are not addressed, Iowa's comprehensive housing strategy cannot insure that rental housing resources are utilized in the most effective and efficient manner.

Recommendation R-5: One Administrative Structure for Housing Programs

Consolidate the various housing and homeless programs administered by the state under one administrative structure.

Relationship to mission:

A comprehensive state housing strategy requires a coordinated approach in its implementation. A targeted, effective, and efficient statewide housing policy requires a single focus on housing in the state and coordination of all available housing resources toward that focus.

Problem statement:

Presently, state government has three or more state agencies administering housing programs of various types. Each agency has a set of rules, regulations, and administrative personnel to administer these programs. Developers and local communities seeking to create affordable housing must meet the obligations of each agency rules and regulations and relate to each agency personnel. Each state agency relates differently to the local entity that accesses their programs or services and to varying degrees has different philosophies in regard to use, goals and housing strategies. Also, each of the existing agencies has priorities other than housing.

The existing system is both time and energy consuming for the developers and managers of affordable housing. The amount of work and length of time required to finance an affordable housing project discourages even the most experienced developer or manager, let alone first time applicants who try to enter the maze. It leads to similarity or duplication of programs, and resources wasted on excess administration.

Expected outcomes:

Creation of a single focused comprehensive housing policy, implemented in a coordinated, effective manner to maximize the efficient use of public resources – with the minimum amount of state bureaucracy, by creating a single state administrative entity to accept applications and administer the various housing resources available to the state. An administrative structure would be established including IDED, IFA, DHS and other state agencies related to housing, such as Department of Cultural Affairs. This State Housing Agencies Group (SHAG) would provide constant input through a focused, coordinated, state housing policy and oversee the implementation of the Governor's Housing Task Force – 2000 recommendations.

Short term (1-2 years)

- Designate a lead agency.
- Form the State Housing Agencies Group (SHAG) to implement and coordinate a comprehensive housing policy and to oversee the implementation of the Governor's Housing Task Force – 2000 recommendations.
- Continue to convene a Housing Roundtable to determine specific areas of overlap and duplication.
- Reduce the overall number of applications needed to apply for various funding mechanisms to one unified application, which can cover all programs.
- Increase the overall supply of resources available.
- Develop a single source of financing, construction standards, compliance requirements, inspection procedures, and a single point for disbursal of funds.

Long term (2-4 years)

- Establish a Housing Citizen Review Board (HCRB) to provide input to SHAG consisting of monitoring progress on implementation of state housing policy and making recommendations for state housing policy.
- Housing Citizen Review Board (HCRB) appointed by Governor and consists of members similar to the Governor's Housing Task Force.
- Housing Citizen Review Board (HCRB) prepares annual report card on progress of meeting state housing policy goals.
- Continue development of state resources for housing.

Steps needed to implement recommendation, including time frame:

- Lead agency responsible for implementation of this recommendation – Iowa Finance Authority

Other branches of state government involved:

- Governor's office
- Iowa Department of Economic Development
- Department of Human Services
- Members of the Housing Roundtable
- Other stakeholders in affordable housing, including those who provide funds and those who do not, but function in an advisory capacity.

Benchmarks:

- Plan for coordination that is agreed upon by all entities (formation of SHAG).
- Establishment of a single source of housing information, education and assistance.
- Programs and funding cycles are coordinated between all programs.

Accountability:

The lead agency is responsible for making sure this recommendation is implemented and that SHAG is formed. SHAG is responsible for the coordination of agencies and to monitor progress. HCRB is responsible for providing feedback to SHAG on perceived satisfaction with the coordination of the housing agencies, applications and guidelines.

Recommendation R-6: Supportive Services

State Housing programs serving low-income households 60% and below area medium income should include supportive services and/or housing counseling programs to address the needs of low-income renters and homeowners. The State of Iowa will promote the provision of supportive services in conjunction with the development of affordable housing by making the provision of supportive services a priority-scoring item on applications for funding.

Relationship to the mission:

The scope of supportive services in regards to housing in Iowa is extensive, ranging from first-time renters, low-income homeowners, to the elderly. The provision of supportive services in conjunction with the development of affordable housing is an essential component in helping low-income tenants achieve and maintain independence. Supportive services can provide training in financial literacy, help in crisis intervention and resolution, and mental and physical health promotion. Supportive services that are offered on site to low-income tenants have the potential to greatly improve the overall affordable housing environment in the state through the variety of positive effects that can result from such services.

Problem statement:
Affordable housing is the foundation on which low-income persons can begin to achieve independence, but without supportive services this foundation is too weak to be fully effective. Supportive services and affordable housing need to be offered simultaneously in order for either to be truly beneficial. According to *Out of Reach 2000,* 34% of renters in Iowa are unable to afford Fair Market Rent for a two-bedroom home. Noted in the McDonald study there are 175,431 extremely low-income households and 151,537 low-income households in Iowa. Nearly one in three households in this income category is either disabled or elderly (pg. 23).

Households at these income levels may only be able to afford poor quality housing or are cost-burdened. Low-income households that own their own home may not be able to repair and maintain their homes. Many of the elderly as they age in place, will need assistance in maintaining their aging homes and specialized care. The individuals with mental illness or developmental disabilities are able to live independently, but may need supportive services to help them live independently.

A family that is cost-burdened to pay rent in Iowa must scrimp on other necessities to maintain their housing. Many are forced into sub standard housing, overcrowded housing and are just a crisis away from homelessness. Many families simply cannot pay the rent or mortgage and are evicted or foreclosed upon, and continue to spiral downward along with their poor credit records. Low-income families face a myriad of difficulties that can only begin to be addressed with the provision of affordable housing. The addition of supportive services to an affordable family housing development has the potential to help those families be less transient, to obtain training and information that can better their economic situation, improve their parenting skills and assist them in maintaining their home. The provision of on site services may also help reduce the stigmatism that is sometimes associated with accepting assistance. If services are offered in conjunction with the housing, more people may utilize them as they see their value and realize that many others in their housing community are benefiting from the services as well.

In Iowa, there are many low-income elderly who can no longer maintain their home independently, yet are not frail enough to require nursing home placement. For Iowa's low-income elderly, this is a precarious situation. They cannot afford traditional assisted living arrangement nor can they continue to live in their home. Iowa has begun to address the affordable housing alternatives available to Iowa's seniors, but few offer any type of services many are located in remote areas with limited access to outside services. The provision of supportive services on site can help many low income elderly access services that can help them remain healthy, happy, and independent for much longer than would otherwise be possible.

Supportive services are also an important component in fostering the independence of persons with disabilities. Many more persons with disabilities may be able to live independently in their own communities if they were afforded greater access to affordable housing with services that could help them in the quest for independent living.

Expected outcomes

Short term 1-3 years

In the first year, the state funding programs will be reworked to accommodate the priority given to supportive services. In the initial year, a funding source will be dedicated to assisting affordable housing projects and housing counseling with their supportive service goals. The development of a system for tracking outcomes of participants of supportive services will be developed.

Supportive services can assist families/individuals in crisis with case management, develop financial plans, build personal skills, and become familiar with housing options. As a result of education and supportive services, families and individuals would increase self-sufficiency because their financial literacy skills and resources have provided the resources to implement positive changes and sustain basic needs.

A systematic coordination of services, an intricate piece of supportive services, would heighten awareness of housing needs in the community and aid in the reduction of housing barriers facing low-income families and individuals.

Long term (more than 3 years):

As more and more projects begin to be developed that include supportive services the more evident the positive effects on the housing environment will be come. Measurable positive changes should be seen from the beginning of implementation of supportive services and include:

- An increase the number of households living in stable and secure home environments accomplished by either renting or owning safe, decent and affordable homes with the sufficient means to sustain life with dignity and most basic needs met.
- An increase in the coordination of state, federal, and local services, heighten awareness of needs in the communities and local plans to address the systemic barriers facing the economically disadvantage families of Iowa.
- Families with adequate and stabilized housing will successfully maintain employment, children will succeed in school and other programs geared to helping these families will find success once their most basic needs are met.

Steps needed to implement recommendation, including time frame:

January 2001-January 2002

- Develop a subcommittee from the current state housing programs.
- Initiate involvement by the Department of Human Services.
- Integrate supportive services as a component to every housing program.
- Determine acceptable and necessary supportive services.
- Develop method for scoring supportive service plans.
- Develop method for tracking/evaluating outcomes.
- Establish dedicated funding source for supportive services.

January 2002 – December 2002

- Begin awarding supportive service funds to affordable housing projects.
- Begin interviews with tenants that utilize the supportive services.
- Continue dialogue with support services providers and DHS.

January 2003 – December 2003

- Continue client interviews.
- Begin to evaluate effectiveness.
- Tract what type of projects are implementing supportive services.
- Revise support service sections of applications if necessary.
- Continue dialogue with the providers of the housing and the services.

Agencies, organizations, and other entities involved:

A subcommittee, charged with the initial formation and integration of the supportive services idea into the existing housing programs, should be formed. This subcommittee should be comprised of individuals from IDED, IFA, USDA, HUD, and DHS. Private individuals, such as affordable housing providers and support services providers, should also be invited to share ideas and comments on the integration of support services into affordable housing programs. It is important that a special subcommittee be formed in order to continue to monitor the successful implementation of a supportive service component to our state's affordable housing programs. Without individuals charged with seeing this recommendation through, it runs the risk of being lost in traditional ways of providing housing only.

Many good, experienced housing counseling and supportive service agencies exist in Iowa, but lack the funding needed to fully staff and provide administrative services to meet the demands. Property management, private landlords, social service agencies, and utility companies agree with the need for supportive services, but all lack the funds to help finance effective programs. The targeted population in need of these services lacks the financial means to pay for needed programs. Competent programs could be implemented immediately with the proper allocation of supporting funding.

Benchmarks:
Interviews with tenants that utilize supportive services will be our first indicators of the project's success. If tenants feel that their needs are being met and that the services offered are of value to them, then we will know that the project is on its way to success. Longer-range outcome evaluations will demonstrate the long term and hopefully long lasting effects of the provision of such services.

January 2001 – December 2001
- Revised housing funding applications that include supportive services are in place.
- A dedicated source of funding is established.

January 2002 – December 2002
- A minimum of 10 new housing projects that incorporate supportive services statewide have been awarded funds.

January 2003 – December 2004
- Interviews with tenants of the initial projects demonstrates satisfaction with services.
- Additional projects with a supportive service component are awarded funds.

Resources needed to implement recommendations and suggested source:
Additional technology may be required to tract and evaluate the outcomes. Funding of the dedicated source for supportive services will perhaps be the biggest challenge. There are supportive services currently available in many communities. In some circumstances, support service agencies in the community may be able to assist in the provision of supportive services on site without any additional charge to the housing project because they are reimbursed from a state or federal program based on the number of clients served and they types of services delivered.

There are supportive services currently available in many communities. It will be important not to duplicate services, yet at the same time it will be equally as important to make sure that the services available are addressing the needs and accessible. Funding for staff and administrative services could be implemented on a regional basis in the rural areas and community basis for larger cities and metropolitan areas. The additional staff time necessary either provide by the owner or the manager will necessitate additional funding for the life of the project.

Financial support for housing counseling and supportive service programs could come from various sources: IDED, ESG, IFA, State Housing Trust Fund, HUD, CDBG, Section 8, Department of Human Services, FEMA, banks, financial institutions, United Way, general state appropriations, interest earned on rental security deposits, public/private contributions, or from other innovative sources not currently utilized. An initial allocation to a dedicated funding source should be approximately $750,000. This amount could potentially provide 10 projects with $5,000 annually for fifteen years.

Impact on other housing issues and programs; impact on non-housing issues:
The implementation of this recommendation may result in an impact on other housing and non-housing issues such as crime in low-income areas, deterioration of the affordable housing stock, unemployment of tenants in low-income housing, poor performance in school by low-income children, and the premature institutionalization of low-income elderly and persons with disabilities. There may also be some impact on existing providers of support services. Some tenants that may have previously utilized a service in the community may now be able to access that service at their place of residence. Some providers may experience a loss of clients. However, many providers may also increase their ability to reach their client population when they are invited by housing providers to offer services within their housing project.

Accountability:
Oversight for the implementation and success of a supportive service component to the development of affordable housing will be the responsibility of the subcommittee formed by individuals from IFA, IDED, USDA, HUD and DHS. Measures of accountability will be the interviews from tenants utilizing the services, support services providers, and affordable housing providers. Interviews will provide feedback on the success of the services in conjunction with housing. A long term tracking method will also provide accountability. Tracking tenants that utilize specific support services will demonstrate whether or not tenants have future success in areas they have received supportive services. If the supportive services recommendation is not implemented, the state will continue to have fragmented housing, high vacancies, continual disrepair, and deteriorating housing conditions, as well as increasing numbers of homeless families and families in housing crisis situations.

Recommendation R-7: Opt Outs and Expiring Section 8 Contracts

The State of Iowa will give the highest priority for the preservation, rehabilitation and long term affordability of its existing affordable housing inventory. Primary funding for this priority will come through the targeted utilization of the state's annual allocation of tax-exempt private activity bonds which carry with them a four percent Low Income Housing Tax Credit. These funds will be used to finance the purchase and rehab of existing affordable housing, mainly HUD Section 8 project based properties and USDA 515 Rentals refinance properties in danger of being lost to conversion to market rate properties. Original Iowa Finance Authority Low Income Housing Tax Credit properties should also be considered.

Relationship to the mission:
This recommendation provides preservation of an existing valuable resource where feasible per market conditions. In addition, the study indicates the need to bring the quality of the

housing stock up to present-day standards. The purchase and rehab of existing affordable projects will achieve that goal. This is a much more cost-effective solution, at total cost of $35,000 to $45,000 per unit, than losing the stock and having to try replace it at costs in excess of $60,000 - $85,000 per unit.

Problem statement:
Iowa is at risk of losing over 9,300 project-based affordable housing units in the next three years and another 1,300 FMHA are subject to rent restructuring in the next five years. The loss of the investment they represent to the state of Iowa could reach well over $450,000,000. Of these 10,000 + units, about 2/3 have rents that are currently above the fair market rents. Over 2/3 of the units have their Housing Assistance Program Contracts expiring by the end of 2000. Nearly all of the remainder will expire before the end of 2003.

If older units are not preserved, where viable market demand exists, large increases in new funding will have to be made available, just in order to maintain the present number of affordable housing units in the market place at a cost well over $820,000,000. It would be more cost effective to prevent existing units from being transferred to the market and maintain these units for use by lower income households.

If these units are not preserved or replaced, the housing for low-income households will become less available and Iowa's ability to retain and attract an adequate workforce and provide long term affordable shelter for its seniors will be compromised.

The barriers to this Task Force recommendation may include, the complexity of each transaction, working with in-place tenants, and the timely provision of information about properties whose use conditions are expiring. Coordination among funding entities and the owners to protect tenant access to new and existing rent subsidies is critical. Other barriers include overcoming negative attitudes regarding the use of state and local funds to "bail out" Housing and Urban Development assisted properties.

Steps needed to implement recommendation, including time frame:
Present to 2001 -

- Iowa Finance Authority by rule establishes priority usage of PAB's for acquisition, preservation and rehabilitation of existing affordable rental stock.
- Iowa legislation is passed to increase the amount of PAB's allocated to affordable rental housing to 25% of the state's annual federal allotment.
- HUD, USDA, and IFA provide location of expiring use properties. Potential for opting out or prepayment and removal from program is determined. Interest of existing owners in selling or rehabbing is established.
- A housing preservation task force is formed that includes representation from for profit and non-profit housing providers, state and federal funding agencies, lenders, and contractors.

- Commitments are secured from all funding agencies to establish set asides programs for the 2003 construction season.
- A special set-aside of tax credits and HOME funds, not to exceed 10 percent of the state per capita allocation available in the year 2001, will be established for projects that meet the agency's requirements for preservation of affordable housing. The preservation set-aside will be considered for existing low income units receiving project based rental subsidies that are within two years of any permitted prepayment or subsidy contract expiration with a likely conversion to market rate housing or equivalent loss of low income use restrictions. (The likelihood of conversion to market rate housing must be supported by a current market study in form and substance acceptable to the agency.)
- Preservation set aside will also be considered for the rehabilitation of already existing low income units provided the rehabilitation will:
    - Repair or replace components that are in immediate need of repair, replacement or are functionally obsolete.
    - Will provide modification or betterment required by new applicable federal, state or local housing building code requirements.
- In addition, there must be a lack of sufficient property reserve funds or capital to provide for the necessary capital improvements.
- Projects must expend for rehabilitation a minimum of $3,000 per unit based on professionally commissioned capital needs assessment, which will be required for each proposal.
- Housing Preservation Task Force recommends the initial criteria for the selection of projects to use set-aside funds.

2001 - 2002

- Initial set-asides are established and applications taken.
- Announce project recipients before the May 2001.

Long term

- Monitor and review funded projects.
- Initiate independent review of project outcomes and process to determine impact on affordability, transaction costs, and subsidy per unit and administrative burden of 2002 funded projects. Also require report on housing quality standard, including pictures of exterior and interior.
- Housing Preservation Task Force should tour assisted properties.

Agencies, organizations, and other entities involved:

- Iowa Finance Authority - Lead agency.
- Iowa Department of Economic Development - HOME and CDBG programs.
- HUD's Office of Multi-Family Housing and Assistance (OMHAR) Restructuring, Market to Market Restructuring Program.
- USDA - Rural Development Office of Preservation.

- National Association of Housing Partnership - technical assistance and financing.
- Fannie Mae, Freddie Mac and FHLB - secondary market representation.

Resources needed to implement recommendation and suggested sources:

- Increased set aside of PAB's
- Initial set aside amount of 10% Tax Credit and HOME funds.

Impact on other housing issues and programs: on non-housing issues:

None known based on concept as presented.

Special Needs Committee

The Special Needs Committee addressed housing issues affecting persons with disabilities, elders, homeless, new Iowans, and other minorities that might face housing barriers. These concerns include structures and accommodations, attitudinal issues, enforcement of existing laws and regulations, and other "people-centered" issues. With such a broad charge, the special needs committee embraced recommendations that would impact housing opportunities in general, and special needs populations specifically.

Recommendation SN – 1: Single Agency Administration

Note: This recommendation was adopted as Task Force Priority Recommendation 2, Single Agency Administration. It is also listed on pages 31 and 46 as a Task Force Recommendation.

Consolidate the administration of all state-funded housing programs within one state agency.

Relationship to mission:
By consolidating the administration of all housing programs within one agency, the State of Iowa will be able to more effectively and efficiently use limited resources.

Problem statement:
This recommendation is being made so that limited housing resources may be used more effectively and efficiently. At present, there are two state agencies that administer the bulk of the state's housing resources. These two agencies are the Iowa Department of Economic Development (IDED) and the Iowa Finance Authority (IFA). A consolidation of housing resources under one of these agencies (or a new agency) would allow for the following:

- A singular "vision" of housing needs and goals
- Coordinated use of available housing resources
- Streamlined application process
- Consistent project administration

Parties affected by this recommendation would include IDED and IFA employees, legislative and administrative offices, organizations seeking funding (for-profits, non-profits, partnerships, units of local government, etc.), and low-moderate income Iowans.

There should not be any increased cost to taxpayers to implement this recommendation. In fact, the administrative costs for implementing housing programs should decrease. Also benefiting from this recommendation are the numerous applicants for housing projects. A streamlined process for requesting funds and project monitoring that is contained within one agency will benefit housing program applicants.

Barriers to implementing this recommendation include resistance to change or reorganization. This could include such things as bureaucratic and inter-agency "turf" battles.

If this recommendation is not implemented the status quo of a disjointed housing effort and duplicative administration of programs will continue.

Expected outcomes:

Short Term (1 – 3 years)

- All housing resources would be recommended to move under one state agency. This would take approximately one year after approval from the Governor's office and/or the State Legislature.
- Within two years, the administration of all state housing programs would be integrated into one state housing agency.
- This state housing agency (within 2.5 years) would be charged to work with citizens, housing developers, funders, financial institutions, etc. in the development of new funding resources (such as a State Housing Trust Fund).

Long term (more than 3 years)

Longer-term outcomes will be as follows: 1) coordinated delivery of housing resources; 2) more efficient administration of projects, and 3) more housing developers becoming involved in the affordable housing market.

Steps needed to implement recommendation, including time frame:

- January 2001 — Initiate combination of housing programs (Governor's office).
- Feb-April 2001 — Legislative rule changes (State Legislature).
- May-Oct 2001 — Agency planning (IDED and IFA).
- Nov-Dec 2001 — Complete consolidation.
- January 2002 — Begin 2002 funding cycle.

Agencies, organizations, and other entities involved:

The implementation of this recommendation will require close cooperation among many players, especially IDED and IFA. The leadership needed to initiate and guide this recommendation should come from the Governor's office, with the approval of the state legislature.

Benchmarks:

Measures of progress:

- Adoption by the Governor's office.

- Legislative approval.
- Public hearings and input.
- Creation of a combined housing agency or a new agency.

Specific events and time frame in which to accomplish these events:
- Legislative approval (January-April 2001).
- Agency planning – IDED and IFA (May-October 2001).
- Complete consolidation (November-December 2001).
- Begin 2002 funding cycle (January 2002).

Resources needed to implement recommendation, and suggested source:
The biggest resource needed is time. It will take many hours of staff time to implement this recommendation. The time invested should be returned many times through time savings gained by the efficiencies achieved by this recommendation. No additional resources or technology are anticipated to be needed.

Impact on other housing issues and programs; impact on non-housing issues:
The impact on housing programs will be great. This new way of administering the state's housing resources should coordinate very closely with the adopted state housing policy and priorities.

Accountability:
The responsibility of implementing this recommendation should come from the agency or office that has been identified as the lead. Completing this recommendation will require an effort of both the Governor's office and state legislature. If this recommendation is not adopted or approved by the Governor's office, (one of the possible starting points) there would not be the vehicle available to citizens or other interested parties to insure the recommendation is moved forward.

Recommendation SN – 2: Accessibility Standards

Note: This recommendation was adopted as Task Force Priority Recommendation 4, Accessibility Standards. It is also listed on pages 33 and 51 as a Task Force Recommendation.

The State of Iowa shall adopt the accessibility standards of the federal Fair Housing Act (FHA) of 1988 and the Federal Americans with Disabilities Act (ADA) of 1990.

Relationship to mission:

By adopting the Accessibility Standards of the federal FHA and ADA, Iowans with disabilities will have a greater chance of finding more accessible multi-family housing throughout the state of Iowa.

Problem statement:

The Special Needs Committee discovered the only current method of enforcing the accessibility requirements of the FHA and the ADA is through reactive administrative complaints or lawsuits filed against developers, architects, and government building inspectors. Currently, the Iowa Fair Housing Statute, as well as the federal FHA and municipal FHA ordinances, requires that, to be covered, multi-family dwellings be designed and constructed to provide accessible housing for persons with disabilities.

It has been shown that many new multi-family dwellings in the state are not being designed and constructed in compliance with the state or federal accessibility standards. Building code inspectors who review construction plans and specifications for multi-family housing are generally looking only for compliance with building ordinances, and not for the compliance with FHA guidelines. Of the 900 Iowa communities that responded to a 1999 community survey by the Iowa Civil Rights Commission, 600 indicated that they did not review the new construction building plans for multi-family housing units to determine whether the units are accessible to persons with disabilities.

Likewise, architects and builders have the mistaken impression that since cities approve their plans and issue building permits, all relevant requirements for accessibility have been met. Between January 1992 and January 1998, it would appear from the community survey, that only 9% (202/2,295) of the multi-family housing constructed in Iowa, received a handicapped review certificate. It should be noted that some of the building permits issued might have been for duplexes and triplexes that are not required to receive a handicapped review certificate. It is also well recognized that the vast inconsistencies between municipal building codes in Iowa causes an enormous amount of confusion with architects and builders, and accessibility becomes nonexistent.

The general consensus, too, is that the FHA accessibility standards are not seriously heeded by state building code officials or local building inspectors. It appears that both of those government authorities tend to view accessibility mandates as negligible construction specifications. Likewise, the potpourri of local building codes around Iowa lends itself to noncompliance with the FHA accessibility requirements. In most cases, the only method of enforcing the accessibility guidelines of the FHA is through state or local civil rights administrative litigation.

Although the Iowa Civil Rights Act is ready to impose the same accessibility mandates as the federal FHA, generally, no state or local civil rights agency officially reviews construction plans, or conducts on-site inspections for compliance with this law. However, after an apartment building is designed and constructed in non-compliance with accessibility standards, civil rights agencies can prosecute fair housing complaints against the architects and builders involved.

There is currently a gross lack of funding at the state Fire Marshal's Office to oversee, monitor and enforce this recommendation and/or existing accessibility laws. Thus, many of the laws are not being enforced and/or are not addressed in a timely manner.

Expected outcomes:

Short term (1 – 3 years)

The short term goal over a period of one year would be to form a working group to explore a procedural mechanism for ensuring that all multi-family building codes in Iowa are uniform and comply with the FHA and the ADA. A comprehensive set of model codes regulating all aspects of building design and construction of multi-family housing have been adopted in many other states, and are readily available for consideration by the working group. The Iowa Legislature should adopt the federal Fair Housing Act no later than April 2002. In year three, training should be provided to local building code officials as well as developers and building contractors of multi-family dwelling units.

Long term (more than 3 years)

The long term goal for year four and beyond is to ensure that all multi-family housing built in Iowa is accessible, cost effective, and safe. Human/Civil Rights Commissions and Independent Living Centers (ILC) across the state be provided training to conduct on-site inspections of new construction for accessibility requirements and report the results of the inspection to their local and state civil rights agency for any follow-up or action required.

Steps needed to implement recommendation, including time frame:

Hold a statewide ICN conference with advocacy groups for the disabled, city building code officials, building industry representatives, architects, State Fire Marshal, and civil rights officials to gain a consensus on the matter. The working group will be able to discover the extent of the problem of multi-family housing that has been built since 1991 which is unusable by people who have disabilities.

Thereafter, form a drafting committee open to anyone who wants to participate, with the charge that they draft a model building code for review by the Governor and key legislators. The model code should contain a workable statewide accessibility regulatory scheme that will ensure adequate enforcement of existing FHA requirements, and minimize the cost and burden of local administrative implementation.

Agencies, organizations, and other entities involved:

- The state fire marshal office.

- State and local civil rights representatives.
- The state building code commissioner.
- The director of the Commission of Persons with Disabilities
- Private sector architects
- Private sector builders and developers.
- County and municipal building officials.

Benchmarks:
The ICN conference should be conducted between December 2000 and April 2001 to better define the accessibility problem. Governor Vilsack should establish a working group by April 2001, with the charge of providing a final report by December 2001.

Resources needed to implement recommendation, and suggested source:
Since the ICN is available, the working group can meet via teleconference, thus saving travel time and cost. The final report could be printed through a state agency.

Increase funding for the fire marshal's office for oversight and monitoring of this recommended policy change. Provide funding resources for the human/civil rights commission and/or independent living centers to provide education on accessibility needs and laws.

Impact on other housing issues and programs; impact on non-housing issues:
Unlike other forms of housing discrimination, inaccessible housing becomes a malicious institutionalized form of discrimination directly affecting the disabled. The traditional means to redress housing discrimination is by filing court actions or administrative complaints. In the long term, such legal recourse becomes an inadequate and costly method for preventing future discrimination against the disabled. Even then, non-compliant properties may be so inaccessible that they cannot be retrofitted to meet the FHA accessibility standards.

The working group will assimilate the type of educational and technical assistance resources needed by public bodies, architects, builders, and developers to comply with the FHA. More importantly, a single statewide comprehensive multi-family housing code will resolve the confusion associated with the FHA accessibility provisions, and provide quality, cost effective, safe, affordable accessible housing for seniors and the disabled.

Accountability:
The Iowa Finance Authority should be responsible for oversight of the working group and the final committee report. The state building commission's department should be ultimately responsible to make sure the uniform code recommendation is addressed and implemented. The lack of a statewide uniform code will perpetuate non-compliance with the FHA accessibility mandates.

Recommendation SN – 3: Eliminate Barriers Facing New Immigrants

Note: This recommendation was adopted as Task Force Priority Recommendation 8, Eliminate Barriers Facing New Immigrants. It was expanded and more detail was provided as a reflection of the importance to the State of Iowa. The expanded recommendation is listed on pages 36 and 66 as a Task Force Recommendation.

The State of Iowa has to reduce the barriers that new immigrants have in order for them to access quality, affordable housing.

Relationship to mission:

As mentioned, the number of new immigrants moving to the state of Iowa has increased almost 90% within the last decade. By finding a source of help for this population that will reduce their obstacles, their interest to reside in Iowa permanently will increase. This recommendation is relevant to the Task Force's mission and its importance is vital.

Problem statement:

As seen throughout the state, immigrants are hired for lower- paid jobs and have occupied the poorest housing available. From rental to emergency shelter, immigrants have faced several barriers to affordable and safe housing. Service providers that work directly with this population have experienced these same problems.

After the Civil War, with a population of only 92,000, Iowa became the top immigrant destination in the world. Within about 70 years the state grew- largely because of immigration, eventually to a population of two million.

The most common barriers that this important population has faced are:

- Lack of affordable decent housing.
- Linguistic and cultural barriers.
- Discrimination.
- Lack of credit history.
- Lack of housing for families composed of many members.

Because immigration is a strong and key labor force that brings economic growth, the state of Iowa needs to welcome these new residents by improving housing services. Governor Vilsack has expressed his interest for immigrants by announcing his invitation for immigrants to move to Iowa. The number of immigrants keeps increasing, but still, many of them are moving out of Iowa because they can not find decent affordable housing.

Expected outcomes:

Like the Hispanic population, most of these immigrants have a strong work ethic. Their priority is to build strong families. By creating a program(s) that will make it easier for this population to access affordable housing, immigrants who are already here will experience a more self-sufficient lifestyle. In the short term, more immigrants can be expected to move into decent, affordable housing.

In the long term, important economic growth will occur, with new waves of immigrants attracted by the new housing opportunities.

Agencies, organizations, and other entities involved:
To adequately provide the services to the needs of this population the following organizations must be involved:

- State: Governor's Office, Iowa Department of Economic Development, Division of Latino Affairs, Iowa Department of Human Rights, Iowa Legislature, Department of Human Services, Office of the Attorney General.
- Federal: Housing and Urban Development, USDA Rural Development, Department of Justice.
- Local: City Councils, Boards of Supervisors, Councils of Government (COG)
- Public/Private entities: Banks, Realtors, Fannie Mae, Federal Home Loan Bank, Employers recruiting immigrant workers.
- Non-profit organizations providing housing services and/or working directly with migrants.

Benchmarks:
For the implementation of a program(s) that will allow more immigrants to have better opportunities for quality, affordable housing, state regulations must be enforced or modified. The state should:

- Identify possible plan(s) that will create an effort in this recommendation.
- Identify resources needed to implement the solution.
- Evaluate efforts to change as needed.

Resources needed to implement recommendation, and suggested source:
Even if resources have not been identified, the state's housing lead agency should identify those resources needed.

Impact on other housing issues and programs; impact on non-housing issues:
The impact of having improved housing services for immigrants will allow the increase of housing development, the rehabilitation of deteriorated housing and the decrease of homelessness.

There is a growing number of communities in Iowa where a significant percentage of the population are immigrants, and their living conditions are the poorest. Housing is a very important issue in every family, and without it, it is very hard to achieve complete self-sufficiency. The result of this recommendation will be a vital component of the state's economic growth.

Accountability:
The Governor's office should be a direct participant in this effort. That support will be vital if there is to be positive results of this recommendation.

The following will result if program is not implemented:
- Immigrants may leave the state in search of better housing opportunities.
- Homeless rates will keep increasing.
- Abusive leasing and discrimination complaints will rise.
- Opportunities of economic development will decrease.
- Families will continue living in unhealthy, poor, deteriorated housing conditions.

Recommendation SN – 4: Develop Statewide Housing Trust Fund

Note: The intent of this recommendation is reflected in Task Force Recommendation 1, State Housing Trust Fund.

The State of Iowa develop a statewide housing trust fund, which is funded by a dedicated, permanent source of new funding in an amount not less than $10 million per year.

Relationship to mission:
The successful implementation of a comprehensive state housing plan, the stated mission of the Task Force, will not occur without sufficient public resources. The development of a statewide housing trust fund, supported by a permanent, dedicated source of funding, monitored by a citizens advisory board, and driven by criteria that allows for maximum flexibility in determining eligible uses, activities, applicants and types of assistance to be awarded will provide the long-term, discretionary source of funding needed to implement the variety of recommendations that will be the foundation for the state's housing plan.

Problem statement:
The need for housing, as it relates to special needs populations, is graphically depicted by the following data:

- *Assessing Iowa's Housing Needs: An Evaluation of Housing Policy at the Turn of the Century,* prepared by Dr. Heather Mac Donald, Chair of the Graduate Program in Urban and Regional Planning at the University of Iowa, states that nearly two-thirds of extremely low-income renter households across the state do not have access to decent, affordable housing.

- *Iowa's Homeless Population: 1999 Estimates and Profile*, also prepared by Dr. Mac Donald, states that almost 19,000 Iowans are homeless annually. Fifty-nine percent of those are children.
- Data from the *2000 Continuum of Care Gaps Analysis,* prepared by the nine CDBG/HOME entitlement areas and the Iowa Department of Economic Development, show that 116 single individuals with HIV/AIDS and 78 persons with HIV/AIDS in families with children are homeless at any point in time.
- Data from the *2000 Consolidated Plans* prepared by the nine CDBG/HOME entitlement areas document the need for 102 units of affordable housing for single individuals with HIV/AIDS and 52 units of affordable housing for persons with HIV/AIDS who are in families with children.
- Data from the Iowa Department of Human Services, Division of Adult, Children and Family Services suggest that approximately 400 youth will age out of Iowa's foster care system in FY 2000 – as few as 25% and as many as 40% will experience homelessness due to lack of affordable housing.
- Survey data collected from *Health Care for the Homeless Projects* across the country (of which there are three in Iowa) by the National Health Care for the Homeless Council, illustrate that the number one impediment to recovery among homeless substance abusers is the "lack of recovery housing" – that is, affordable housing located in a drug-free environment.
- 1999 data collected by the Iowa Department of Human Services, Division of Mental Health and Developmental Disabilities through their *Projects for Assistance in Transition from Homelessness (PATH)* show that of the 923 persons enrolled in the project, 47% resided either out-of-doors or in short-term shelters.

Requests for funding to meet Iowa's current housing needs, whether for persons with special needs or the general population, far outpace the funding available from current state and federal housing programs. Similarly, requests for funding to support emergency homeless shelters are twice the amount of available funding each year. Finally, the State of Iowa provides no funding for the ongoing operations of transitional housing projects for the homeless. It is estimated that in as little as two years, the demand for such funds to support new and existing programs will far exceed the federal funds available through the US Department of Housing and Urban Development.

In a survey of 225 applicants to state housing programs, 93% of the respondents supported the concept of a state housing trust fund with a dedicated revenue source. The applicants represented units of local government, economic development entities, for-profit developers, and non-profit developers who are on the front lines of their communities in developing affordable housing.

Expected outcomes:

Short Term (1 –3 years)

- Funding source(s) identified and secured from the state legislature.
- Public advisory committee established, with governing structure, funding criteria and outcome measurements established.
- Begin disbursing funding.

Long Term (more than 3 years)

- Trust fund fully operational with one to two cycles of funding completed.
- Begin measuring benefits of trust fund by comparing outcome measurements to goals of state plan.
- Make adjustments to funding criteria and methods of measuring outcomes as needed.
- Secure increase in funding of trust fund from the state legislature.

Agency, organizations and other entities involved:

A myriad of organizations and state government representatives must be involved in securing funding and developing the governing and funding structures if a state housing trust fund is to be successful. Some will take on different roles than others and at different times in the process.

- State – Governor's office, state legislature, Housing Roundtable members.
- Federal – HUD, USDA Rural Development, Congressional delegation
- Public/private entities – Fannie Mae, Federal Home Loan Bank, Iowa Coalition for Housing and the Homeless
- Local organizations – Counties, Councils of Government, municipalities, townships, housing authorities, for-profit builders and developers, lenders, low-income families and individuals, religious or civic organizations, historical preservation, fair housing, real estate brokers, for-profit rental housing industry, non-profit housing, and homeless agencies.

Benchmarks:

January 1, 2001 – June 30, 2002

- Funding sources identified and secured.
- Legislation governing creation of trust fund in place.

June 30, 2002 – June 30, 2003

- Public advisory committee formed.
- Governing structure implemented (state administrating agency and public advisory committee).
- Existing state housing and homeless funds channeled into trust fund.
- Funding criteria and outcome measurements established (state administrating agency and public advisory committee).

- First Request for Proposals (RFP) released by the end of this term.

June 30, 2003 – June 30, 2004

- First cycle of awards announced.
- RFP/award process fine-tuned.
- Second RFP released by end of term.

June 30, 2004 – June 30, 2005

- Second cycle of awards announced.
- Begin reviewing outcome measurements and measuring benefits of trust fund.
- Secure increase in funding of trust fund from state legislature.
- Third RFP released by end of term.

Resources needed to implement recommendation:

- Not less than $10 million in NEW state resources from a dedicated source.
- Coordination with existing housing and homeless funding streams.
- Central point of coordination to organize, execute and coordinate a funding campaign.
- Staff time, computer, communications (conference calls/ICN) equipment needed to implement trust fund.

Impact on other housing issues and programs; impacts on non-housing issues:

Current state funding is not sufficient to implement the state housing plan that will be the product of the Task Force's work. The creation of a housing trust fund will be the first step in creating sufficient funding to implement the state housing plan. It will allow for the creation of housing options for those greatest in need, the elderly and persons with special needs; funds to provide technical assistance to build the capacity of non-profit organizations to increase housing production in their communities; and funds to develop innovative projects to meet the specific needs of Iowa's communities.

Funding for a housing trust fund will also provide a vital piece of the puzzle for downtown and economic development; enhance the quality of life in Iowa communities encouraging families and individuals to stay or move back to Iowa; and it will allow for other innovative collaborations such as moving Iowans from welfare to work.

Accountability:

The Iowa Legislature and the Governor will establish the legislation that will serve as the foundation for the trust fund. The Administrative Rules Committee will provide legislative oversight, the Public Advisory Board will provide public oversight and the Iowa Finance Authority will provide oversight of the RFP and awards process, as well as oversight of funded projects and compliance with outcome measurements.

Accountability to the Iowa Legislature and the Governor's office will also include administrative efficiency, time from award to completion of project, cost-effective use of funds, and success at meeting outcome measurements.

If this recommendation is not implemented, sufficient funds will not exist to implement a meaningful state housing plan. This means:

- Special needs populations will continue to lack accessible housing.
- Affordable housing units for the elderly will continue to be lost.
- Homeless persons will continue to lack the affordable housing needed to end the cycle of homelessness.
- Mid-size and smaller communities will continue to lack the necessary housing to attract employers.
- Downtown areas of Iowa's cities will continue to lack the housing needed to attract Iowans back to their downtowns.
- Iowa's existing housing stock will continue to be dilapidated and further deteriorate.

Recommendation SN – 5: Increase Funding of the Emergency Assistance Program

The State of Iowa should increase funding for the Emergency Assistance Program administered by the Iowa Department of Human Services from its current level of $2.7 million to $5.1 million.

Relationship to mission:

Keeping people who are currently housed in their homes or assisting people in transitioning from homelessness to permanent housing is an important goal of the state's housing plan. In fiscal year 1999, 76% of Employee Assistance Program (EAP) funds were used for rent payments, rent deposits, or house payments. Similarly, in fiscal year 2000, 77.6% of EAP funds were used for rent payments, rent deposits, or house payments.

Problem statement:

The Emergency Assistance Program is only able to operate from October through March under its current level of funding. Yet the need for rental assistance, rental deposits, and house payments is year-round. *Iowa's Homeless Population: 1999 Estimates and Profile* prepared by Dr. Heather Mac Donald, Chair of the Graduate Program in Urban and Regional Planning at The University of Iowa, states that 61.2 % of the agencies responding reported "Eviction" as the number one cause of homelessness in the area they serve.

Expected outcomes:

Short Term (1 –3 years)

The immediate outcome will be that funding EAP at the $5.1 million level will allow for the year-round operation of the program.

Long Term (more than 3 years)

Beyond this immediate impact, the short term and long term outcome will be that more households will be able to be assisted through EAP. In fiscal year 2000, over 6,600 households were assisted through EAP. With the program operating year-round, as many as two times this number could be assisted.

Housing issues that will be impacted by the adoption of this recommendation include increased resources to assist households from losing their homes or in obtaining a home. For example, in fiscal year 2000, more than 5,000 households were provided with rental assistance or rental deposits; more than 1,400 households were provided with utility assistance or utility deposits and more than 130 households were provided with house payments. Increased resources for EAP will expand the number of households that can be provided with these types of assistance, thus allowing people to remain in their homes or assisting them in moving from homelessness to permanent housing.

The mission of the Task Force is to develop a statewide housing strategy. Many components are required in that plan, including resources to assist those already housed to remain in their housing and to assist those moving from homelessness to permanent housing.

Steps needed to implement recommendation:

Immediately

- Secure inclusion of funding into the Iowa Department of Human Services budget by the Governor's office.

Educate Iowa Legislature (by February, 2001)

- Educate key leaders in the Iowa House and Senate, including human service committee leadership. (Governor's Office, IDHS, IFA, Iowa Coalition for Housing and the Homeless, local homeless and emergency assistance organizations).

Agencies, organizations, and other entities involved:

Successfully securing this additional funding will require the efforts and collaboration among several parties:

- State – Governor's office, state legislature, Iowa Department of Human Services, Iowa Finance Authority.
- Public/private – Iowa Coalition for Housing and the Homeless.

- Non-profit community, including homeless services providers, housing organizations who assist residents in securing this assistance, local administrative organizations of EAP funds.

Benchmarks:
The most significant benchmark that will indicate the success of this recommendation is whether or not the increase in EAP funding is approved in the final budget passed by the state legislature and signed into law in May by the Governor.

Natural legislative benchmarks that could be used to gauge progress would be the two "funnel periods" (in March and April) that are a part of the state legislative session process. While appropriations bills are not subject to the funnel timeline, organizations involved in advocating for this increase could use these benchmarks to evaluate progress and establish a modified action plan.

Resources needed to implement recommendation:
Money is the only resource needed to implement this recommendation. The Emergency Assistance Program began in 1991 at a funding level of $1.8 million. At that time, 50% of the funds were state resources, and 50% were federal resources. This trend continued through 1994. In 1995-1997, EAP was funded solely through state resources. Then in 1998, and continued to the present, all but $10,000 came from federal Temporary Assistance to Needy Families (TANF) funds. The remaining $10,000 came from state resources.

Given the past record of the state contributing 50% to 100% of the funding for EAP, the Governor and legislative leaders should review where funding came from in the past to make such a commitment and rededicate these funds to EAP.

Impact on other housing issues and programs; impact on non-housing issues:
Increasing funding for EAP will reduce the demand for emergency shelter. As noted earlier, a primary cause of homelessness identified by service providers is eviction. Increased funds for EAP will provide resources to reduce the number of households being evicted. It will also reduce secondary evictions caused when households being evicted are forced to live with family or friends. In many instances, such as in public housing, lease restrictions prevent this practice. While this practice often goes undetected, when it is detected, both households find themselves without housing.

Increasing funds for EAP will also assist in easing the burden on other organizations providing rent and utility assistance. The demand for these resources is so great that in many cases, organizations shut down their programs well in advance of year's end because they have expended all their funds. Or, households who are in immediate need of assistance are not served because the organizations from whom they are seeking assistance only provide the assistance bi-monthly or quarterly.

Accountability:
The EAP program is currently administered by the Iowa Department of Human Services, Division of Economic Assistance. DHS oversees the program's operation, disbursement of EAP funds to local providers, and accounting and reporting on the funds expenditures and impacts.

If the increase in funding for EAP is not implemented, thousands of low income Iowans will lose their homes or go without utilities because of a lack of emergency assistance resources. It will leave a gaping hole in the state's housing plan because one segment of Iowa's population will go without adequate, decent housing.

Recommendation SN – 6: Modify Low Income Housing Tax Credit Program

Simplify and maximize the State's Low Income Housing Tax Credit (LIHTC) program.

Relationship to mission:
This recommendation targets LIHTCs for the needs identified in the housing study, increases public input and oversight, improves the delivery of this program through simplification, and maximizes these resources through programmatic changes.

Problem statement:
The LIHTC program is the main source of financing for rental housing projects. Prior to the recently-commissioned housing study, there has not been a basis for IFA to use in awarding LIHTC funds. Over the years, the LIHTC program (governed by the Qualified Allocation Plan -- QAP) has been modified and frequently changed so that the original intent of the federal law may have become lost. This is especially evident related to mixed-income developments. It also appears no coordinated vision in the QAP exists for the use of these funds. Due to these many changes, the QAP has become too complex for many non-profit organizations and smaller agencies. As a result of the complex and non-cohesive nature of the existing QAP, an unintended consequence has been an ineffective and inefficient utilization of this very important resource.

Expected outcomes:
Short Term (1 – 3 years)

- A simplified QAP will be developed.
- Coordinate QAP with the needs identified in the housing study.

- Established priorities or subfunds within the QAP.
- Dedication of a much larger percentage of funds for non-profits.
- Priority scoring for opt-out projects.
- Specific percentages for types of housing (family, senior, or assisted).
- Increased number of applicants for LIHTC funds.
- More cost-effective program .
- Increase in the overall number of units produced.
- Separate duplicative funding of projects as to provide additional opportunities.

Long term (more than 3 years)

- Increased production of affordable rental housing for all populations of low-moderate income Iowans, while also increasing the overall supply of rental housing, including those for market rate renters.
- Quantifiable methodology for addressing housing needs and meeting benchmarks.

Steps needed to implement recommendation, including time frame:

- Identify and quantify basic housing needs using the housing study(completed).
- Develop methodology for allocating LIHTC resources (three months).
- Public input and discussion of methodology (two months).
- Write new, basic QAP using minimum requirements outlined in Federal statute (six months).
- Approve QAP (two months).
- Outreach, education and training on LIHTC program and QAP (three months).

Agencies, organizations, and other entities involved:

IFA is the state agency now administering this program. IFA would act as the lead agency with input from other agencies (IDED, DHS, Fair Housing, HHS, and State Fire Marshal). Other entities involved will include the state legislature, housing development organizations (non-profits and for-profits), governmental jurisdictions, Community Action Agencies, Centers for Independent Living, lenders, and citizens.

Benchmarks:

IFA starts the process to replace the existing QAP. It is important to develop a methodology to tie the needs identified in the housing study to QAP language and work with the Legislative Rules Committee, housing professionals, and citizens to refine and recommend a new QAP. Adoption of the new QAP by the Legislative Rules Committee and approved by the Governor's office.

Resources needed to implement recommendation, and suggested source:

The basic resources needed to implement this recommendation are time and commitment by IFA. Through the simplification of the LIHTC program, IFA's tasks of evaluating projects, scoring projects, and administering the resources should produce a longer-term time savings.

Impact on other housing issues and programs; impact on non-housing issues:
The impact on other housing programs will be significant. Having a clear direction in what types of housing projects are to be funded, and how they will be funded, will steer other housing resources into the appropriate projects or be used to fill the gaps in housing needs that cannot be addressed with LIHTC funds.

Accountability:
IFA is the logical agency to be responsible and accountable for implementing this recommendation, although they will need direction and political support from the Governor's office and state legislature. If the recommendation is not implemented, the existing LIHTC program will continue to be complicated, limiting the access of these funds to a relatively few housing developers, possibly promoting inefficient use of these resources, and continuing a non-coordinated method of delivering affordable rental housing.

Recommendation SN – 7: Immigrant and Minority Outreach and Education

Note: Elements of this recommendation were combined with HO – 6 and incorporated into a revised Task Force Recommendation 6, Housing Consumer Education. See pages 35 and 58 for more detailed information.

The Special Needs Subcommittee has recognized the need for a statewide program that is committed to provide outreach and education, to immigrants and minorities in all issues related to homeownership. Opportunities exist in homeownership counseling, predatory lending, financial literacy, and related services.

Relationship to mission:
According to recent studies, the number of immigrants in the state has increased 90% within the last decade. Creating a homeownership program focused on immigrants and minorities will increase the number of people that will base their permanent residence in Iowa. With that, Iowa will have the economic impact of moving renters to the level of homeowners. The state will also be more attractive to families from other states. This program most be strategic, focused, and attractive.

Problem statement:

This recommendation is essential to increase the number of immigrants purchasing homes in the state. There are problems involving this issue. Reports from IFA show that in 1999, only seven families of Hispanic origin purchased a home in Iowa using IFA programs.

Many immigrants come to Iowa looking for temporary work, and after some months, they return to where they came from. Many would like to reside in Iowa permanently, but they struggle to find a home that is safe and affordable.

Many are ignorant about their potential or ability to buy a home, about programs available, and what is needed for homeownership. Problems of culture and linguistic differences make the transition harder.

It has been proven that minorities are often the first targets for predatory lending. Sometimes predatory lending is the difference between homeownership and homelessness. There is a great need to teach this new Iowans how to identify and avoid predatory lending.

Expected outcomes:

- Program development will approximately take 12 months
- The program will mainly target families between 30% and 80% of the median income. For these targeted families, it normally takes three to six years to put all the ingredients together to buy a home, depending on income and housing choices.
- The program should have at least 70 families enrolled in the first year. After the second year when the program is developed, 200 families should be enrolled.
- It is expected that 35% of those enrolled will buy a home between the second and third year of the program.
- A positive impact is expected in the long term. After more than three years, the program is expected to increase the current number of immigrants and families considered minorities purchasing homes by at least 300% in urban and rural areas.

Steps needed to implement recommendation:

January – September 2001

- Funding could come from IFA or the state's CDBG allocation.
- IFA will be responsible for the administration of the program.
- Develop program policies.
- IFA will identify possible non-profit agencies that could apply for the grant.
- Once the non-profit(s) have been designated, they will identify possible contributions from the private sector, and their role in the program.
- Non-profit(s) and IFA will prepare materials, infrastructure, and the organization of the program to begin no later than February 2002.
- Organization(s) operating the program must be non-profit.

Agencies, organizations, and other entities involved:

Involvement of the following entities are important for development, growth, and maintenance of the program.

- State: Iowa Finance Authority, cities and counties, Councils of Government, chambers of commerce, schools, Iowa Department of Economic Development.
- Federal: Housing and Urban Development, USDA Rural Development.
- Public/private entities: realtors, banks, Fannie Mae, and colleges.
- Non-profit organizations that have contact with immigrants and minorities. Non-profits that have developed housing and/or homeless programs.
- IFA will be the lead agency for this recommendation.

Benchmarks:

January 2001 – September 2001

- Program budget and funding finalized.
- Program organization, goals, and policies identified and in place.
- Candidates for funding identified and invited.

February 2002

- Funded non-profit(s) must have or receive infrastructure, printed materials, and hire personnel.
- Program in place and operating.

Resources needed to implement recommendation, and suggested source:

Funding and administration of this program should come from the Iowa Finance Authority or the state's CDBG allocation. Other funding sources from the private sector may be identified by the second and third year.

The program should be operated by a non-profit organization(s) that have the space to support the program and provide infrastructure that will allow the program to operate smoothly, including the technology needed to make the program reliable.

Impact on other housing issues and programs; impact on non-housing issues:

A new homeownership education program dedicated to educate immigrants, minorities, and new residents in Iowa will allow economic growth at a state level. The state is experiencing a wave of new residents who have little knowledge that they are potential homebuyers. This opportunity of homeownership education will inspire more families to finish the transition from renting to owning their home. Communities will see greater demand to develop housing with this number of potential homeowners.

Families from other states will be attracted by this interest of the state government to help them to help themselves. The implementation of this program will create better job centers by increasing the number of families purchasing homes. All other public services will see the impact of improving the housing situation among new Iowans. This special need has been identified as essential for the welfare of all Iowans. Other states have developed similar programs with great results.

Accountability:

- This program will be the responsibility of the Iowa Finance Authority.
- Results measurements will be required by the non-profit organization(s) that will operate the program and will be reported to the Iowa Finance Authority.

The program will work in conjunction with local for-profit and non-profit housing developers, banks, and lenders. Financial and programs audits should be used for accountability of entities involved.

The following will result if the program is not implemented:

- Predatory, abusive lending will continue with minorities as the easiest target.
- Migrants who come to the state and leave every year will continue with lower expectations of residing in Iowa permanently.
- Homeless rates will increase.
- New migrants coming to Iowa with expectations of staying may not stay in Iowa.
- Housing demand and development will not increase as it could.
- Many communities in the state will feel abandoned in their efforts to help new residents move toward home ownership.
- Immigrants already living in the state will move to other states.

Recommendation SN – 8: Preserve HUD and USDA Project-Based Funding

Through the Low Income Housing Tax Credit program, HOME funds and state housing resources, the State of Iowa commit to funding initiatives that preserve HUD project-based Section 8 and USDA Rural Development Section 515 housing.

Relationship to mission:

The success of the state housing strategy to be developed by the Task Force will, in part, depend on the state's ability to preserve the existing stock of affordable housing in Iowa. An overall net gain in affordable housing units will be difficult to realize as long as affordable units are lost.

Problem statement:

In 1999, more than 360 units of project-based Section 8 housing was lost due to owners choosing to "opt-out" – that is, not renew their rental assistance contracts with HUD. Similarly in 2000, HUD estimates that more than 200 units of project-based Section 8 housing will be lost to owner opt-outs. Opting-out of the Section 8 contract allows the owner to rent units at market rates. While the tenants in these properties will receive Section 8 vouchers to assist them in maintaining the affordability of their units, once these tenants vacate the unit, the owner can raise the rent to whatever the market will bear. Thus, units that were once affordable, are no longer so. The majority of Iowans residing in these units have been elderly and/or disabled.

Similarly, from October 1, 1998, to September 30, 1999, USDA Rural Development reported that owners of 471 units of Section 515 pre-paid their mortgages, therefore allowing the owner to rent apartments at market rates. While the tenants in these properties will receive Section 8 vouchers to assist them in maintaining the affordability of their units, once these tenants vacate the unit, the owner can raise the rent to whatever the market will bear. Again, units that were once affordable are no longer so. The vast majority of Iowans residing in these properties are elderly and/or disabled.

Expected outcomes:

Short Term (1-3 years)

- Within the next six months to a year, incorporate language in the administrative rules of the Low Income Housing Tax Credit Program, the Housing Fund and the Housing Assistance Fund that makes preservation a desired preference in funding. Key to this will be the state advertising this to potential sellers (owners with project-based Section 8/515 assisted properties) and buyers (for-profit and non-profit housing developers).
- In the next two years, 20% of state funds will be used to support the preservation of these properties.
- Over the next two years, the state will provide technical assistance, as needed, to non-profit developers wishing to purchase project-based Section 8/515 properties.

Long Term (more than 3 years)

- State will maintain 20% share of housing funds to support preservation of these properties.
- State will continue the provision of technical assistance, as well as evaluate the impact the inclusion of their funds has had on preserving this housing stock.

Steps needed to implement recommendation:

January – June 2001

- Amend LIHTC Allocation Plan designating 20% of tax credits going to preservation of Section 8/515 properties.
- Amend administrative rules governing the Housing Fund and Housing Assistance Fund designating 20% of these funds to preservation of Section 8/515 properties.
- Assess need and begin to provide for technical assistance.
- Begin notification of the availability of these funds.

June 2001 – June 2002

- Continue assessing and providing technical assistance.
- Continue aggressively marketing availability of funds.

Agencies, organizations and other entities involved:

- If housing programs consolidated under one agency, then that state agency would be involved in implementation.
- If consolidation does not occur, then state agencies involved would be IFA and IDED.

Benchmarks:

January 1, 2001 – June 30, 2001

- 20% designation for LIHTC going to preservation included in Allocation Plan expected to be released in late spring.
- 20% designation of Housing Fund and HAF dollars to preservation included in administrative rules for next funding round.
- Assessment of technical assistance to purchase a federally assisted property will occur on a request basis.
- State agencies affected will clearly advertise the availability of funds for preservation in training information and application materials.

June 30, 2001 – June 30, 2002

- State agencies will have reached benchmark of 20% of funds going to preservation.
- State will have developed marketing tools and identified targets to aggressively market the availability of these funds.
- State will have actively solicited non-profit involvement in trainings on how to purchase federally assisted properties.

Resources needed to implement recommendation:

Resources currently exist within the Low Income Housing Tax credit program, the Housing Fund, and the Housing Assistance Fund to implement this recommendation. However, securing additional funding from a state housing trust fund would provide a larger pool of money from which to draw for all housing needs.

Impact on other housing issues and programs; impact on non-housing issues:

The implementation of this recommendation provides the opportunity to develop a tool to preserve the long-term affordability of housing units, primarily for seniors and persons with disabilities. In many small communities, this is the only affordable housing available.

Obviously, given the current limited amount of housing funds, implementation of this recommendation draws funds away from the housing production side. However, as the needs data have shown, for the last two years, it is questionable how much of a net gain in housing is being made, given the loss in the stock of affordable federally-assisted housing.

Accountability:
Under the current funding structure, IFA is responsible for implementing this recommendation in the LIHTC Allocation Plan and in the HAF administrative rules. IDED is responsible for implementing this recommendation in the Housing Fund administrative rules.

The same entities would be responsible for oversight. Implementation would be measured by whether the language designating 20% of funds from each program to preservation is included in the program's administrative rules.

If this recommendation is not implemented, the current trend indicates that Iowa's stock of affordable housing for the elderly and disabled will continue to decline. Such housing will not be available for the next generation. Thus, the stated mission of the Task Force to create a plan to meet the housing needs of Iowans will not have been met.

Recommendation SN – 9: Halting Predatory Lending

The State of Iowa must take an aggressive role in identifying and prosecuting institutions engaged in the practice of predatory lending in Iowa.

Relationship to mission:
The success of the state housing plan to be developed by the Task Force will be hampered if steps are not taken to ensure that Iowans wishing to experience the American dream of homeownership are not protected from the practices of predatory lending that force the homeowner to accept terms that will lead to financial instability and loss of the home.

Problem statement:
Over the last three years, anecdotal accounts of predatory lending practices have surfaced across Iowa. For example, there are stories that minorities and low-income persons with poor credit histories are being charged interest rates that far exceed current levels and include balloon payments which, at maturity, will be unaffordable to the homeowner.

Recently, the National Reinvestment Coalition reviewed a couple of prospectus statements filed with the Securities and Exchange Commission by Green Tree, a subprime lender doing business in Iowa. The August 13, 1999, prospectus filed by Green Tree states that 28 percent of the loans made were balloon loans (only about 10 percent of subprime loans nationwide were balloon loans according to a HUD-U.S. Treasury report). The prospectus also documented that of the 4,137 loans made by Green Tree, 87.9 percent had rates above

10 percent, 48.9 percent had rates above 12 percent and 3.5 percent had rates above 16 percent. In 1999, the rate for comparable Treasury Securities was six percent.

Expected outcomes:

Short term (1 – 3 years)

- Baseline data on the incidents of predatory lending in the state and the impact on Iowa consumers need to be collected before any meaningful plan of action can be formulated to combat this problem. In the first 18 months, this data will be collected in one of two ways: 1) The Iowa Attorney General's office will conduct a statewide study, or 2) The Iowa Finance Authority will work in partnership with the National Reinvestment Coalition to conduct a study.
- Over the next six months, research will be conducted on current Iowa law related to predatory lending. This will be used to develop education materials that will be disbursed through Iowa's homeownership education network.
- Also, over the next six to twelve months, an action plan detailing who they are and how predatory lenders will be prosecuted will be developed.
- During this three-year period, consumers will become better educated about identifying signs of a predatory lender, fewer consumers will enter into lending agreements, and more concrete data about lending institutions engaging in predatory lending will be available.

Long term (more than 3 years)

- The action plan will be implemented. Continued monitoring of predatory lending practices will occur. Predatory lenders will be clearly identified and prosecuted to the fullest extent of Iowa law.

Steps needed to implement recommendation:

January – June 2001

- Gather available data on predatory lending, including anecdotal stories.
- A study of predatory lending in Iowa, to supplement available data, will be completed by the end of this term.
- Designate state agency to oversee data collection and overall implementation of the recommendation.

June 2001 – January 2002

- Development of predatory lending education materials and dissemination through existing networks will be completed by the end of this term.
- Development of an action plan to address the practice of predatory lending in Iowa will begin.

January 2002 – January 2003

- Development of anti-predatory lending action plan will be completed.

January 2003 – January 2005

- Aggressive identification and prosecution of predatory lending institutions.

- Monitoring of consumer education and adjustments to education materials and/or trainings as needed.
- Monitoring of anti-predatory lending action plan and evaluation of its impact on the practice of predatory lending in the state.

Agencies, organizations and other entities involved:

- Federal – Congressional delegation (as it relates to passage of federal legislation related to predatory lending).
- State – Governor's office, Attorney General's Office, Iowa Finance Authority
- Public/private entities – National Community Reinvestment Coalition, Iowa Homeownership Education Project, Iowa Coalition for Housing and the Homeless, and local non-profits engaged in homeownership education and counseling.

Benchmarks:

January – June 2001

- Oversight agency will be identified.
- Research and collection of available data will be completed.
- Request for Proposal (RFP) for entity to conduct a statewide study will have been circulated and contract awarded.

June 2001 – January 2002

- Statewide predatory lending study completed.
- Education materials developed and disseminated through network.
- Development of anti-predatory lending action plan begun.

January 2002 – January 2003

- Development of anti-predatory lending action plan completed.
- Identification and prosecution of know predatory lenders begins.

January 2003 – January 2005

- Incidence of predatory lending will have decreased by one-half due to prosecutions.
- Occurrences of consumers engaging the services of a predatory lender will decrease by one-half due to education campaign.

Resources needed to implement recommendation:

- Staff time to conduct data research, write, and publish RFP.
- Legal expertise related to current predatory lending laws in Iowa and prosecuting violators of those laws.
- NCRC software and expertise in predatory lending tracking.
- $75,000 to $100,000 for data research, statewide predatory lending study, development, publication, and dissemination of educational materials.

Impact on other housing issues and programs; impact on non-housing issues:

- Educated consumers will make wiser investments, avoiding foreclosure or unrealistic amounts of money going toward housing costs.

- Strengthen the efforts of organizations that educate potential homeowners and other clients to be financially literate.
- Alow Iowans who have not been able to experience homeownership (due to high costs) to finally do so.

Accountability:

The Governor's office will be ultimately responsible to make sure the recommendation is addressed and completed. Oversight responsibility will be assigned to the appropriate state agency by the Governor's office. Implementation will be measured against benchmarks. Overall success will be measured by the increased degree of education among consumers and the overall decrease in predatory lending practices.

If the recommendation is not implemented:

- Low-income and minority Iowans wishing to be homeowners will continue to experience discrimination by lenders, with some unable to become homeowners.
- The tax base of communities with a high concentration of immigrants will suffer due to the inability of immigrants to secure financing to become homeowners.

Appendix

Guide to Acronyms

There are a number of acronyms used throughout *A Comprehensive Housing Strategy for Iowa*. Please use this as a guide if necessary.

ADA .... Americans with Disabilities Act
CDBG .... Community Development Block Grants
COG .... Council of Governments
DCA (IDCA) .... Iowa Department of Cultural Affairs
DED (IDED) .... Iowa Department of Economic Development
DHS .... Department of Human Services
DNR (IDNR) .... Iowa Department of Natural Resources
DOT (IDOT) .... Iowa Department of Transportation
EAP .... Emergency Assistance Program
EDSA .... Economic Development Set Aside
EPA .... Environmental Protection Agency
ESGP .... Emergency Shelter Grants Program
FEMA .... Federal Emergency Management Agency
FHA .... Fair Housing Act
FmHA .... Farmers Home Administration
FHLB .... Federal Home Loan Bank
FIP .... Family Investment Program
HAF .... Housing Assistance Fund
HART .... Housing Application Review Team
HHS .... Health and Human Services
HOME .... HOME Fund
HSOGP .... Homeless Shelter Operations Grant Program
HUD .... Housing and Urban Development
IBA .... Iowa Bankers Association
ICN .... Iowa Communication Network
IDEA (DEA) .... Iowa Department of Elder Affairs
IDPH (DPH) .... Iowa Department of Public Health
IFA .... Iowa Finance Authority
IHC .... Iowa Housing Corporation
IHOEP .... Iowa Home Ownership Education Program
ILC .... Independent Living Center
LIHTC .... Low Income Housing Tax Credit
LHAP .... Local Housing Assistance Program
MRB .... Mortgage Revenue Bond
PAB .... Private Activity Bonds
PHA .... Public Housing Authority

QAP .... Qualified Allocation Plan
RDC .... Rural Development Council
RISE .... Revitalize Iowa's Sound Economy
USDA .... USDA Rural Development

Chronology of the Process

In the summer of 1999, Governor Thomas J. Vilsack charged the Iowa Finance Authority (IFA) with development of a comprehensive housing strategy for Iowa. IFA identified four steps to respond to the Governor's directive:

- Quantify current public resources and impacts;
- Commission a housing study to determine the current status of Iowa's housing stock, housing needs, and market conditions throughout the state;
- Convene a broad-based state housing task force made up of various housing stakeholders; and
- Ensure the task force received broad public input in regard to policy recommendations.

The Governor's Housing Task Force was formed in the summer of 2000 to develop the comprehensive housing strategy. The beginning point of its work was consideration of the findings of the commissioned study, *Assessing Iowa's Housing Needs: An Evaluation of Housing Policy at the Turn of the Century*. Conducted by the Graduate Program in Urban and Regional Planning of The University of Iowa's Public Policy Center, the report framed housing issues and provided a beginning perspective for the Task Force.

In developing the housing study, the University of Iowa's lead researcher, Dr. Heather MacDonald, was able to draw on the expertise of state and federal housing program administrators. This group began to meet initially to enhance coordination and understanding between housing programs. The Housing Roundtable continues to meet and also served the Housing Task Force as a valuable resource for information and understanding of housing needs in the state. Membership in the Roundtable currently stands at twenty-three.

The 55-member Task Force was appointed by the Governor in July 2000. Its work spanned five months and delved into a broad range of Iowa housing issues. Representation on the Task Force was designed to give voice to a diverse set of housing perspectives. Members of the Task Force are listed at the end of this section. They represent communities, counties, regions, associations, non-profit housing providers, realtors, special needs populations, legislators, and others. Co-chairs of the Task Force were Linda Cottington from the board of the Federal Home Loan Bank and John Rooff, mayor of Waterloo. No state or federal agencies sit on the Task Force, but provided input as requested through the Housing Roundtable. Staffing for the Task Force was provided by IFA staff and State Public Policy Group.

To complete its work in the short time frame, the Task Force initially reviewed the bigger picture issues, and then subdivided to focus on five broad areas around which key recommendations were developed. Those five issue areas were:

- Environment and Technology
- Home Ownership
- Quality of Life
- Rental
- Special Needs

Five committees were developed to allow Task Force members to concentrate on a single issue. Committees met independently over a period of three months, and some meetings were also integrated into scheduled Task Force meetings. Committee chairs met regularly with the Task Force co-chairs and staff to address overlapping issues and ensure all committees were moving forward with their work.

Once research and information-gathering was completed, committees developed a set of recommendations addressing the problems around their issue. A recommendation template was provided to guide committees in their discussions, ensure critical aspects were addressed, and to provide an element of consistency to the recommendations. Committees were asked to determine a committee-level priority for each of their recommendations, which were presented to the full Task Force at its October 24 meeting.

The full Task Force held four large group meetings to receive information, hear presentations, discuss the broad policy focus, identify broad issues, and coordinate information arising from each committee. Part of the Task Force responsibility was also to consider public input.

Four public events were conducted to allow comment and input on housing policy issues. Three of the events were held in connection with Task Force meetings. The fourth was sponsored by the Quality of Life Committee.

- Community Meeting in Waterloo – Open forum for discussion of housing issues, initiatives, and needs. Attended by more than 80 members of the community.
- Mayor's Breakfast in Waterloo – Opportunity for Eastern Iowa mayors and community officials to share housing efforts and discuss needs in communities of various sizes and locales. Attended by more than 40 local officials.
- Quality of Life Seminar on Urban and Stagnant Housing Markets in Des Moines – Panel discussion and presentation from developers from Omaha, Kansas City, and Minneapolis about innovative and creative urban housing options.
- Northwest Iowa Housing Initiative Presentation and Discussion in Storm Lake – Presentations by more than ten northwest Iowa housing interests spotlighting rural and small community initiatives. Attended by more than 50 people from the surrounding area.

Throughout the Task Force deliberations, an open process was fostered through providing media across the state with information about the Task Force meetings and public events. Media covered the Governor's speech to the Task Force in August, the September community housing tour in Waterloo, and the events in Storm Lake.

This report was a result of coordinated and integrated activities of the five committees, knowledge and information provided by the Housing Roundtable, data gleaned from the housing study, comment and experience of the public, and the thoughtful and collaborative approach of the full Task Force toward developing a housing strategy that meets the diverse needs of Iowans. The progressive and cumulative body of knowledge resulted in a set of recommendations that place a challenge before the state, but, when implemented, will position Iowa to meaningfully address the critical housing needs of its residents.

Governor's Housing Task Force

Ms. Linda Cottington, co-chair	Federal Home Loan Bank	Des Moines
The Honorable John Rooff, co-chair	City of Waterloo	Waterloo
Mr. Harry Bookey, committee chair	BH Equities	Des Moines
Mr. Gary Dodge, committee chair	Neighborhood Finance Corporation	Des Moines
Mr. Jim Gossett, committee chair	Storm Lake Area Development Corporation	Storm Lake
Ms. Kate Ridge, committee chair	John Lewis Coffee Shop	Davenport
Mr. Dean Spina, committee chair	Bradley and Riley, PC	Cedar Rapids
Ms. Kristie Austin	Northeast Iowa Community Action	Decorah
Ms. Vanessa Baker-Latimer	City of Ames Dept. of Planning & Housing	Ames
Mr. Bob Bauman	Homeward Inc./REC	Allison
Mr. Robert Burns	Burns & Burns, LLC	Iowa City
Mr. Jim Cain	Iowa Coalition for Housing & the Homeless	Des Moines
Ms. Pam Carmichael	HOME Inc.	Des Moines
The Honorable Clayton Carmody	City of Colo	Colo
Mr. Cole Chase	Home Builders Association of Iowa	Des Moines
Mr. Michael Coleman	Antioch Baptist Church	Waterloo
Ms. Amy Correia	University of Iowa School of Social Work	Iowa City
Ms. Sandi Dennis	City of Cedar Rapids Dept. of Development	Cedar Rapids
The Honorable Bill Dotzler	Iowa House of Representatives	Waterloo
The Honorable Robert Dvorsky	Iowa State Senate	Coralville
Mr. Lionel Foster	Mason City Human Rights Commission	Mason City
Ms. Ellen Foudree	Area XV Regional Planning Commission	Ottumwa
Ms. Laurie Gilbert	Region XII Council of Governments	Carroll
Mr. David Harris	City of Dubuque Housing Services	Dubuque
Mr. Mark Hoffschneider	Wells Fargo Home Mortgage	W. Des Moines
Ms. Laura Hoover	Amana Colonies Historical Site Foundation	Amana
Ms. Loxi Hopkins	1000 Friends	Davenport
Mr. Jim Hughes	Jim Hughes Real Estate	Glenwood
The Honorable Libby Jacobs	Iowa House of Representatives	Des Moines
Mr. Glen Jesse	Jasper County Board of Supervisors	Newton
Mr. Les Johnson	American Savings Bank	Tripoli
Mr. Tim Johnson	Stanton Area Industrial Foundation	Red Oak
Mr. Joe Kelly	Iowa Manufactured Housing Assn.	Des Moines
Mr. Doug LaBounty	Community Housing Initiatives, Inc.	Spencer
The Honorable Mary Lundby	Iowa State Senate	Marion
Ms. Susan Maiwald	Family Housing Advisory Services	Council Bluffs
Mr. Paul McLaughlin	Iowa Association of Realtors	Clive
Mr. Fritz Miller	Preservation Commission	Davenport
Mr. Steve Nasby	City of Iowa City	Iowa City
Sr. Stella Neill	Anawim Housing, Inc.	Des Moines
Ms. Jane Nelson-Kuhn	Blackhawk Center for Independent Living	Waterloo

Ms. Julie Orban		LeMars
Mr. Alex Orozco	Proteus	Des Moines
Mr. Mark Patton	Rural Housing Institute	Wilton
Ms. Crystal Pocan	Goodwill Industries	Sioux City
Ms. Jan Rutledge	Legal Services Corporation	Iowa City
Ms. Kristin Saddoris	Regency Management & Investment Co.	Des Moines
Ms. Mary Schoen-Clark	MidAmerica Housing Partnership	Cedar Rapids
Mr. Tom Shea	IA Brotherhood of Electrical Workers 405	Cedar Rapids
Ms. Midge Slater	Communication Workers of America	Urbandale
Mr. John Small	John R. Small Contracting	Sioux City
Mr. Dan Vessely	Iowa Bankers Mortgage Corporation	Des Moines
Mr. Marshal Walz	Low Rent Housing Agency of Burlington	Burlington
Mr. Lewis Weinberg	Weinberg Investments, Inc	Sioux City
Ms. Magi York	Mid-Iowa Community Action	Marshalltown

Housing Roundtable Members

Ms. Beth Bahnson	Iowa Department of Elder Affairs	Des Moines
Mr. Ben Bellus	Consumer Protection Division	Des Moines
Mr. Jim Chesnik	Iowa Department of Human Services	Des Moines
Ms. Beth Danowsky	Iowa Rural Development Council	Des Moines
Ms. Tami Foster	Iowa Department of Natural Resources	Des Moines
Ms. Carole Hamill	Fannie Mae	Des Moines
Mr. Jack Hatch		Des Moines
Mr. Curt Heidt	Federal Home Loan Bank of Des Moines	Des Moines
Ms. Ellen Huntoon	USDA Rural Development	Des Moines
Ms. Judy McClure	Iowa Department of Cultural Affairs	Des Moines
Mr. Bruce McGuire	USDA Rural Development	Des Moines
Mr. Bill McNarney	US Housing and Urban Development	Des Moines
Mr. Bob Mulqueen	Iowa State Association of Counties	Des Moines
Mr. Joe O'Hern	Fannie Mae	Des Moines
Mr. Loyd Ogle	Iowa Finance Authority	Des Moines
Ms. Patricia Ohlerking	Iowa Department of Cultural Affairs	Des Moines
Mr. Lane Palmer	Iowa Department of Economic Development	Des Moines
Mr. Bruce Ray	US Housing and Urban Development	Des Moines
Mr. Brian Schmidt	Iowa Emergency Management Division	Des Moines
Mr. John TenPas	Iowa Department of Human Rights	Des Moines
Mr. Mike Tramontina	Iowa Finance Authority	Des Moines
Ms. Rose Wazny	Iowa Department of Economic Development	Des Moines

Summary of Iowa's Housing Programs

Report to the Governor's Housing Task Force

September 2000

IOWA
FINANCE
AUTHORITY

Thomas J. Vilsack
Governor

Sally J. Pederson
Lt. Governor

Michael L. Tramontina
Executive Director

September 2000

The Governor's Housing Task Force has asked the Iowa Finance Authority to compile a summary of housing programs in Iowa. In order to assist in their decision-making process, this brief overview of statewide housing programs has been produced. If you need further information you are encouraged to contact the administering agencies directly.

Special thanks to the members of the Housing Roundtable for their assistance in compiling this report.

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Table of Contents

State Administered Programs

Program: Housing Fund

Administering Agency: Iowa Department of Economic Development

Use: Grants and loans for a variety of housing activities, including rental housing (both new construction and rehabilitation), owner-occupied housing rehabilitation, homeownership assistance and tenant based rental assistance.

Funding:

25% of the state's Community Development Block Grant (CDBG) allocation - (all goes to owner occupied rehab)	$7,519,000
State's HOME allocation -	$9,994,000
State match provided by IFA -	$1,200,000
Program Income from $48 million Home loan portfolio -	$500,000 (est.)
Total	$19,213,000

Program: Local Housing Assistance Program (LHAP)

Administering Agency: Iowa Department of Economic Development

Use: Grants for a variety of housing needs, including infrastructure, local housing trust funds, multi and single family housing

Funding:

Iowa Finance Authority	$3,000,000
Interest off IFA Title Guaranty Reserve	$250,000
Real Estate Escrow Accounts	$350,000
Rebuild Iowa Infrastructure Fund (RIIF)	$1,000,000
Total	$4,600,000

All funding sources sunset after 2000FY except interest from Title Guaranty and Real Estate Escrow Accounts

Program: Housing Needs Assessments

Use: Grants to assist local communities in conducting local housing needs assessments

Administering Agency: Iowa Department of Economic Development

Funding: $100,000 annual state general fund appropriation

Program:	Homeless Assistance Programs
Administering Agency:	Iowa Department of Economic Development
Use:	Joint grant application for Emergency Shelter Grant Program (ESGP) and Homeless Shelter Operations Grant (HSOG). Funds a variety of facilities and services for homeless persons and for homeless prevention. Available through annual competition among local governments and homeless assistance providers on behalf of one or more shelters within their jurisdiction.
Funding:	State Homeless Shelter Operations Grant (HSOG) Iowa Finance Authority - $376,000 Real Estate Transfer Tax- $350,000 General Fund- $400,000 Federal Emergency Shelter Grant (ESG) $1,321,000 Total $2,941,000

Program:	Housing Assistance Fund
Administering Agency:	Iowa Finance Authority
Use:	A flexible source of loan and grant monies for a variety of housing programs and activities which contribute to the goal of providing decent, safe and affordable housing for limited income persons and families.
Funding:	Through excess revenue generated by IFA and Title Guaranty. Program expends $1,500,000 on average annually

Program:	Down Payment/Closing Cost Program
Administering Agency:	Iowa Finance Authority
Use:	IFA provides grants to eligible homebuyers who meet income and purchase price guidelines. The grant is used to match the buyer's financial contribution of up to 5% of the mortgage amount or $2,750, whichever is less. Grants are used to help pay eligible closing costs, down payment, or necessary repairs

Funding: Approximately $1,100,000 annually by IFA

Program: FirstHome/FirstHome Plus

Administering Agency: Iowa Finance Authority

Use: Enables low- and moderate-income Iowa families to purchase their first home with below-market interest rates. First Home provides lenders with 7.25% financing for 30 year fixed rate residential mortgages. Loans are then provided to eligible first time homebuyers. First Home Plus is a companion program that provides up to $1500 in down payment/closing cost assistance to eligible applicants.

Funding: First Home financed through bonds which IFA issues. $45 million in mortgage revenue bonds available annually subject to private activity bond cap, additional bonds issued through refinancing and returned bond cap.
First Home Plus funded through excess revenue generated by IFA and Title Guaranty

Program: Tax Exempt Multi Family Bond Financing

Administering Agency: Governor's designee, Executive Director of Iowa Finance Authority

Use: Finance construction of multi family housing units. Projects financed by these bonds are eligible for 4% low income housing tax credits.

Funding: IFA issues $4.5 million in tax exempt bonds annually subject to private activity bond cap

Program: Low Income Housing Tax Credit

Administering Agency: Iowa Finance Authority for Internal Revenue Service

Use: Provides equity financing to private developers of affordable rental housing. A tax credit against federal income tax every year for 10 years which is transferable. Developer must agree to income restriction (at least 20% of units to persons below 50% of median or at least 40% of units to persons below 60% of median) and rent restrictions (not more than 30$ of income) for every subsidized unit

Funding:	$3,600,000 allocated per year tax credits applies every year for ten years. (value roughly $27,000,000). Amount has been the same since 1987. Congress considering 10% increase each year for next 6 years
Program:	Rent Subsidy and Household Assistance Program
Administering Agency:	Iowa Department of Human Services, Division of MH/DD
Use:	To provide ongoing rental and one-time household assistance to certain persons participating in one of the DHS Home and Community Based Services (Medicaid funded programs. This program provides monthly rental assistance to people who have left medical institutions and to those who can avoid placement into medical institutions by utilizing these programs.
Funding:	Annual state appropriated funds, $75,000
Program:	Mental Illness Special Services Fund
Administering Agency:	Iowa Department of Human Services, Division of MH/DD
Use:	To develop housing for homeless or persons at risk of homelessness who have serious mental illness. Acquisition, rehab and renovation, rent and deposit assistance, and new construction are eligible housing activities. Eligible applicants include units of local government, public housing agencies, or private, non-profit organizations.
Funding:	Annual state appropriated funds, $121,220
Program:	Programs for Assistance in Transition from Homelessness (PATH)
Administering agency:	Iowa Department of Human Services Division of MH/DD
Use:	To provide outreach and other mental health services to homeless or persons at risk of homelessness who have serious mental illness

Funding: Annual federal formula-funding grant to Iowa of $300,000

Program: Home Weatherization Program

Administering agency: Iowa Department of Human Rights

Use: Grants to assistance low-income individuals and families prepare homes for winter by adding insulation, caulking joints, repairing windows and making other improvements improve energy efficiency. Administered locally through the state's community action agencies.

Funding: $10,000,000 from the U.S. Dept of Energy and other federal sources

Program: Federal Historic Preservation Tax Incentives

Administering Agency: Iowa Department of Cultural Affairs and Internal Revenue Service

Use: 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 listed on the National Register of Historic Places within two years.

Funding: No limit on federal tax credits available, Iowa in last five years has averaged $6,600,000 eligible costs per year in all types of structures. It is over $15,000,000 in 2000.

Program: State Rehabilitation Tax Credit

Administering Agency: Iowa Departments of Cultural Affairs, Economic Development and Revenue and Finance

Use:	Historic rehabilitation of eligible commercial, residential and pre-1937 barn structures. Developers may receive state income tax credits valued at 25% of eligible costs when approved as meeting the federal Rehabilitation Standards. Housing cost capped at $100,000 per unit. Pre-approval of work plans required, which encumbers the tax credits on first-come, first-served basis.
Funding:	State caps the allocation of tax credits at $2,400,000 per year, administered by dividing equally among three state regions – western, central and eastern Iowa.

Program:	Historic Property Rehabilitation Tax Exemption
Administering Agency:	Iowa Department of Cultural Affairs and Counties
Use:	Provides a four-year temporary exemption from increase in the base year valuation, as established by participating counties, for substantial rehabilitation projects on buildings eligible for the National Register of Historic Places. This is followed by a four-year phase-in period to reach full valuation. Projects must be approved as meeting the federal Rehabilitation Standards for work done each calendar year.
Funding:	County receives property taxes on the base year evaluation for the first four years, then an increasing amount over four years and then the full increase in property evaluation after eight years.

Program:	Historical Resource Development Program (HRDP)
Administering Agency:	Iowa Department of Cultural Affairs
Use:	Provides matching grant funds for historic buildings (including housing), museum and documentary collection projects. Matching grant amounts are under $20,000 per grant. Historic projects must be approved as meeting the federal Rehabilitation Standards when requesting reimbursement.
Funding:	HRDP is 5% of the Resource Enhancement And Protection (REAP) state appropriation. Between $360,000 to $1,000,000 has been available per year since 1990.

Federally Administered Programs

Program:	Rural Rental Assistance
Administering Agency:	USDA –Rural Development
Use:	Provided direct rental subsidy to families and elderly in communities below 20,000. Tenants pay 30% of their adjusted gross income for rent.
Funding:	Approximately $10,000,000 is made available to Iowa by formula annually.
Program:	Guaranteed Rural Housing Loans
Administering Agency:	USDA –Rural Development
Use:	Provides loan guarantees to local lenders who finance the building and or purchase of individual houses in communities below 20,000 for individuals or families up to 115% of median income.
Funding:	$34,000,000 in loan guarantees in Iowa. No limit, but loans are market rate.
Program:	502 Direct Loan Program
Administering Agency:	USDA – Rural Development
Use:	USDA provides loan directly for building or purchase of individual houses. Must be targeted to 80% of median income or below in communities below 20,000. Below market rate loans vary from 1% to 7.73%, Average of 4%
Funding:	USDA provided $19,133,000 in loan/grants that are subject to HUD limits
Program:	504 Direct Rehab Loan
Administering Agency:	USDA –Rural Development

Use:	Provides grants and/or loans for repairs to very low-income owner occupied single family housing in rural areas
Funding:	Approximately $297,000 grants and $448,000 in loans were processed this past year. Iowa receives a formula allocation.

Program:	Supportive Housing Program
Administering Agency:	Housing and Urban Development
Use:	Grants designed to promote the development of supportive housing and services including innovative approaches to assist the homeless, funds are used for transitional, permanent or supportive housing services.
Funding:	Iowa and several local jurisdictions apply to HUD for multi year funding commitment from HUD. Iowa averages $5,000,000 annually

Program:	Section 8 Tenant Based Assistance
Administering Agency:	U.S. Dept. of Housing and Urban Development
Use:	Provided tenant based rental subsidy to keep rents at 35% of income for low-income elderly and families
Funding:	Federal appropriation distributed to Iowa by formula. Approximately $43,939,000

Program:	Project based Section 8 Rental Assistance
Administering Agency:	U.S. Dept. of Housing and Urban Development
Use:	Provides subsidy to owners of apartments who agree to rent to very low income families who contribute 30% of family income for their rent
Funding:	Iowa receives approximately $67,000,000 annually for this program
Program:	Section 202 and 811 program

Administering Agency:	Housing and Urban Development
Use:	Section 202 is for construction of elderly apartment units while 811 is for disabled. Serves those below 80% median income, preference for those below 50%. Rent is set at 30% of income.
Funding:	Iowa receives approximately $17,000,000 annually under this competitive program.

Locally Administered and Other Programs

Program:	Affordable Housing Program
Administering Agency:	Federal Home Loan Bank of Des Moines
Use:	Provides grant funds to housing projects sponsored by member lending institutions. Program serves households at or below 80% of median income and is for homeownership or rental.
Funding:	Competitive program funded by an annual 10% set aside of FHLB net income, Iowa averages $1,500,000 per year

Program:	Tax Increment Financing Districts
Administering Agency:	Local units of governments
Use:	A residential TIF's must set aside a percentage of the future tax increment financing revenues from the project for housing assistance to low and moderate income families. Localities may seek a waiver of the low/mod requirement from IDED
Funding:	No statewide data is compiled

Program:	Housing Enterprise Zones
Administering Agency:	Local units of governments, certified by IDED

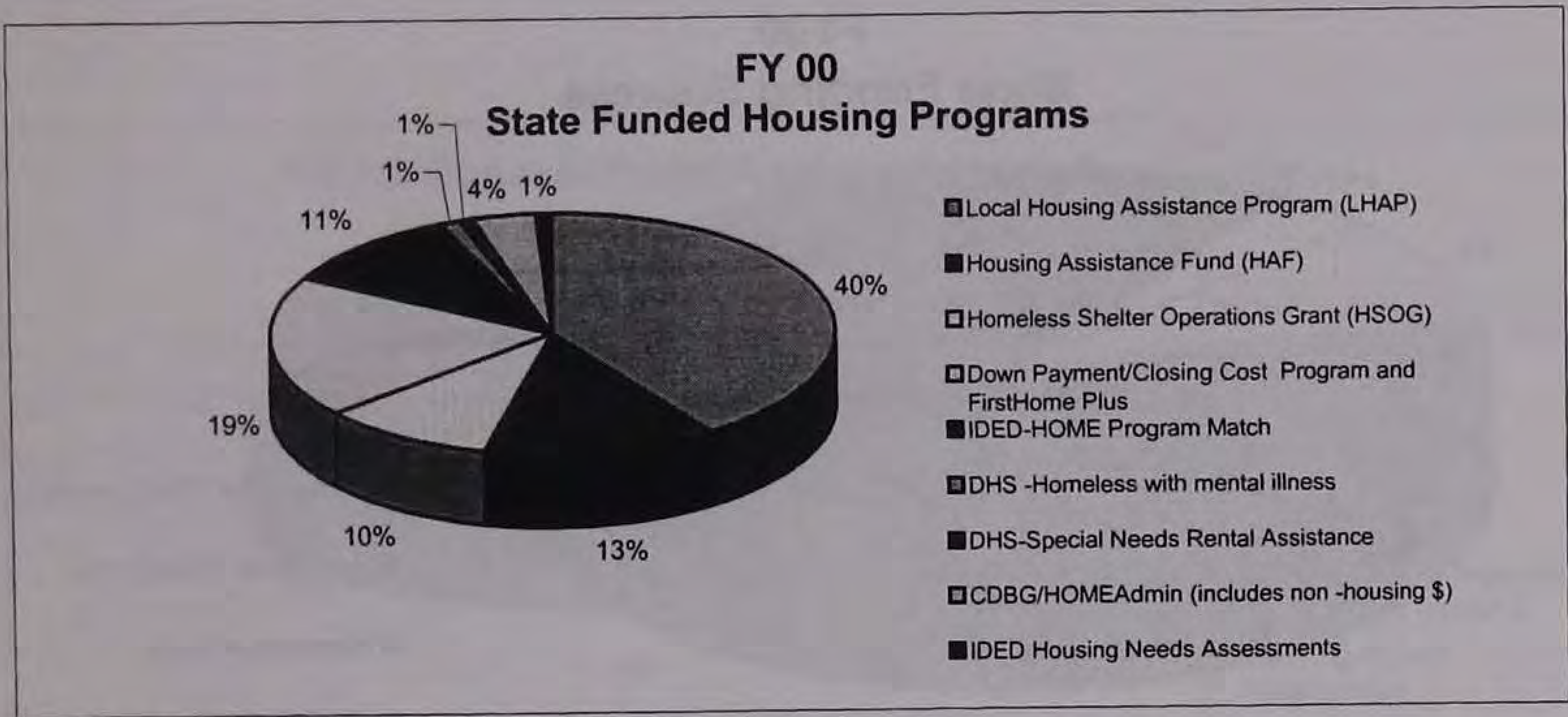
Use:	Housing developments within a designated Enterprise zone may be eligible for financial incentives, including a sales tax exemption on construction materials and a state tax credit on a portion of the construction cost.
Funding:	Approximately $3.5 million in state tax credits are approved annually

Entitlement Communities

The following communities receive direct appropriations from the federal government. There are three programs that HUD allows communities to apply for funds directly instead of going through the state. They are the Community Development Block Grants (CDBG), HOME funds and Emergency Shelter Grants (ESG). The programs and funding levels are detailed below. It should be noted that local communities are not required to spend CDBG monies on housing.

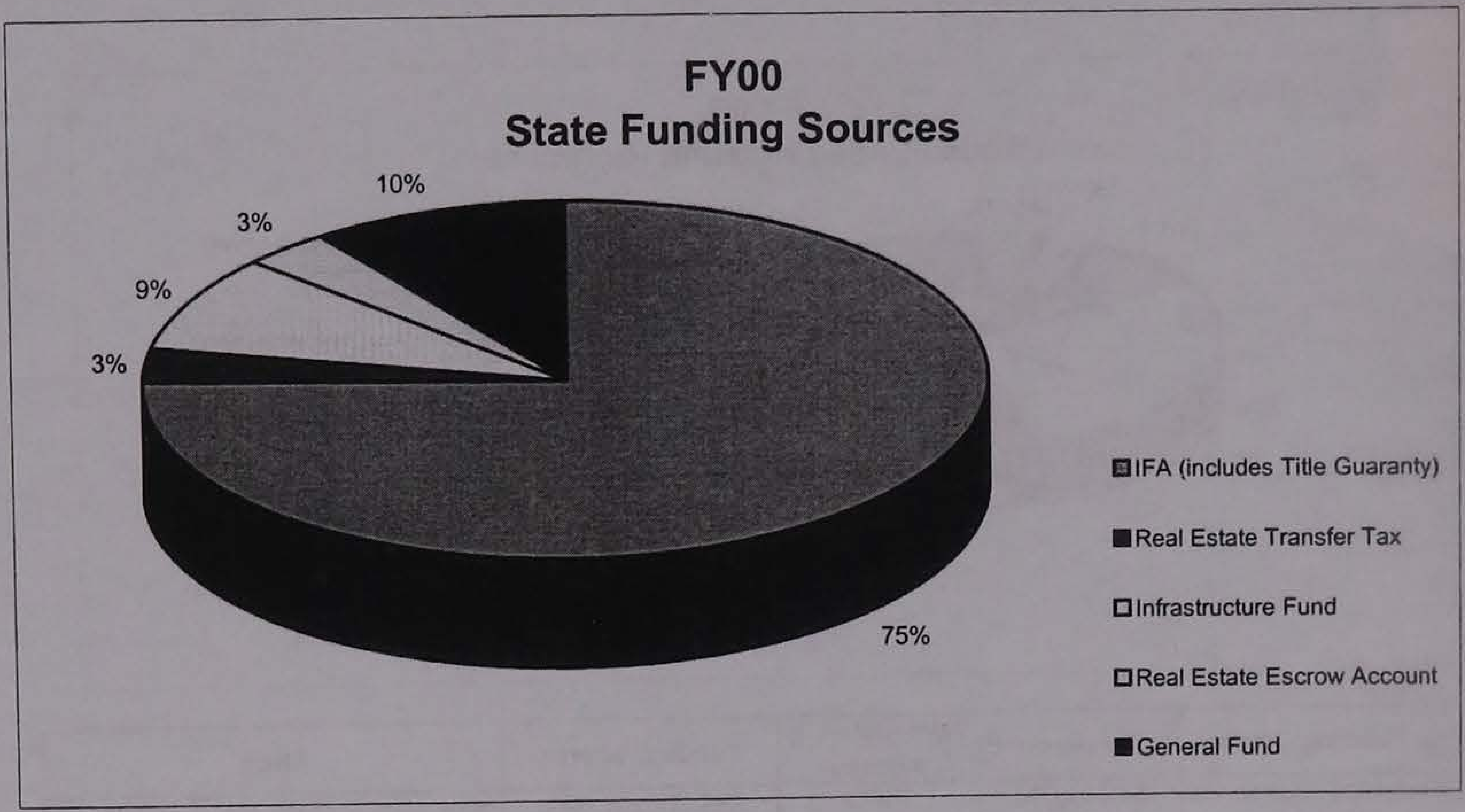
Cedar Falls	CDBG ($393,000)		
Cedar Rapids	CDBG ($1,545,000)	HOME ($563,000)	
Council Bluffs	CDBG ($1,286,000)		
Davenport	CDBG ($2,120,000)	HOME ($729,000)	ESG ($75,000)
Des Moines	CDBG ($5,078,000)	HOME ($1,281,000)	ESG ($108,000)
Dubuque	CDBG ($1,419,000)		
Iowa City	CDBG ($943,000)	HOME ($643,000)	
Sioux City	CDBG ($2,353,000)	HOME ($736,000)	ESG ($83,000)
Waterloo	CDBG ($1,760,000)	HOME (736,000)	

Local communities often use property tax abatements as a method to encourage the development of affordable housing, and should be included as a local housing resource. However, no statewide data is available.



State Funding Source	Dollar Amount*	Administering Agency	Funding Source	Uses
Local Housing Assistance Program (LHAP)	$4,602,000	IDED	IFA ($3,252,000) Infrastructure Fund ($1,000,000) Real Estate Escrow ($350,000)	Wide Variety of Housing Related Programs, Projects and Services
Housing Assistance Fund (HAF)	$1,500,000	IFA	IFA	Wide Variety of Housing Related Programs, Projects and Services
Homeless Shelter Operations Grant (HSOG)	$1,126,000	IDED	IFA ($376,000) Real Estate Transfer Tax ($350,000) General Fund ($400,000)	General Operating Support for Food and Shelter, Supportive Services and Homeless Prevention
Down Payment/Closing Cost Program and FirstHome Plus	$2,187,000	IFA	IFA	Home Buyer Assistance
IDED-HOME Program Match	$1,200,000	IDED	IFA	Match for HOME Funds
DHS -Homeless with mental illness	$121,000	DHS	General Fund	Housing Assistance
DHS-Special Needs Rental Assistance	$75,000	DHS	General Fund	Rental Subsidy
CDBG/HOMEAdmin (includes non -housing $)	$418,000	IDED	General Fund	IDED Administration
IDED Housing Needs Assessments	$100,000	IDED	General Fund	Local Housing Needs Assessments
TOTAL	**$11,329,000**			

*Dollar amounts are estimates. Actual dollar amounts may vary. In some cases dollar amounts reflect funds available or spent in FY2000. Not all housing resources are listed, entilement community funds are not listed. These figures are provided for discussion purposes only.



Sources of State Money	Dollar Amount*
IFA (includes Title Guaranty)	$8,515,000
Real Estate Transfer Tax	$350,000
Infrastructure Fund	$1,000,000
Real Estate Escrow Account	$350,000
General Fund	$1,114,000
TOTAL	**$11,329,000**

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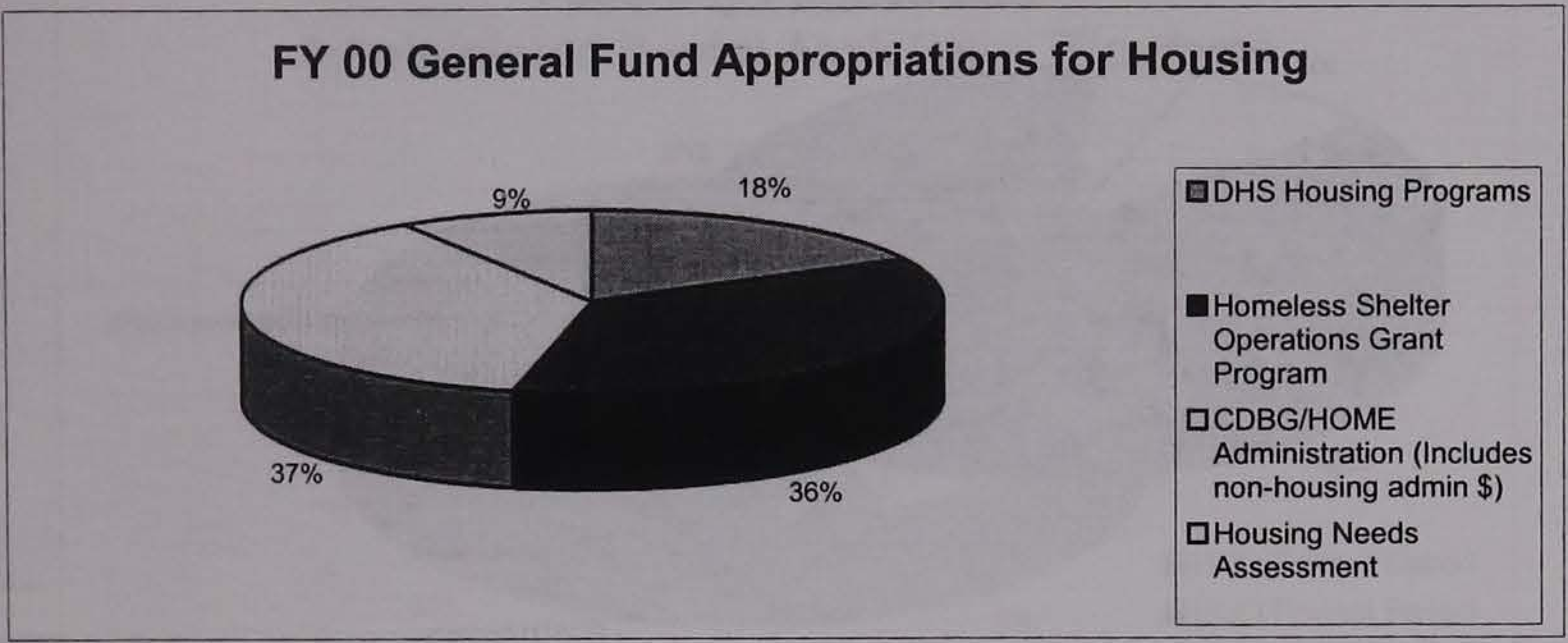

USES	Dollar Amount
DHS Housing Programs	$196,000
Homeless Shelter Operations Grant Program	$400,000
CDBG/HOME Administration (Includes non-housing admin $)	$418,000
Housing Needs Assessment	$100,000
TOTAL	**$1,114,000**

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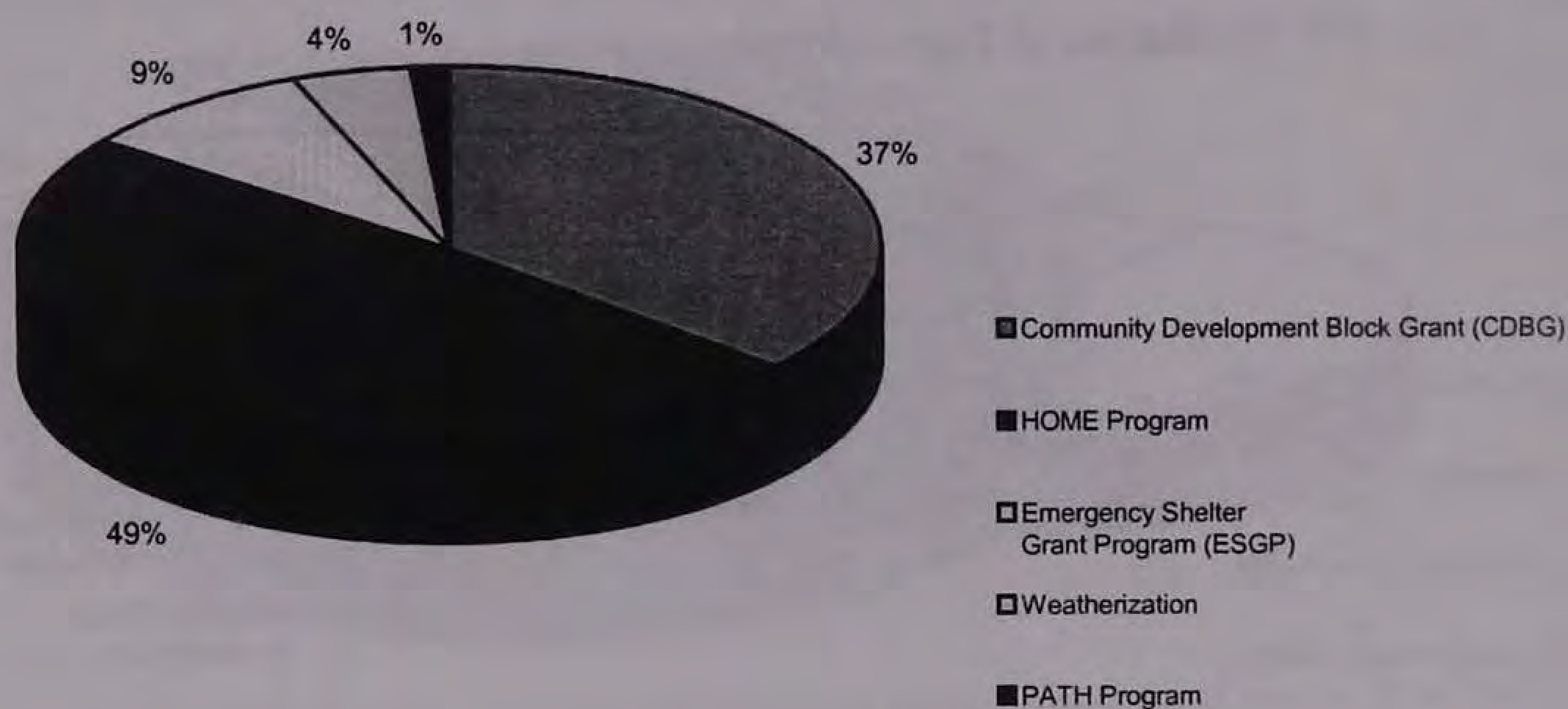
FY00
Federally Funded State Administered Housing Programs



Program	Dollar Amount*	Administering Agency	Funding Source	Uses
Community Development Block Grant (CDBG)	$7,485,000	IDED	HUD	New Construction Rental Rehab Homebuyer Assistance Rental Assistance Transitional Housing
HOME Program	$10,000,000	IDED	HUD	Same as CDBG
Emergency Shelter Grant Program (ESGP)	$1,819,000	IDED	HUD	General Operating Support for Food and Shelter, Supportive Services and Homeless Prevention
Weatherization	$900,000	Community Action Agencies	Dept. of Energy & other Fed. Sources	Owner occupied repair and upgrade for energy efficiency
PATH Program	$300,000	DHS	HHS	Outreach and Supportive Services to Mental Ill Homeless
TOTAL	**$20,504,000**			

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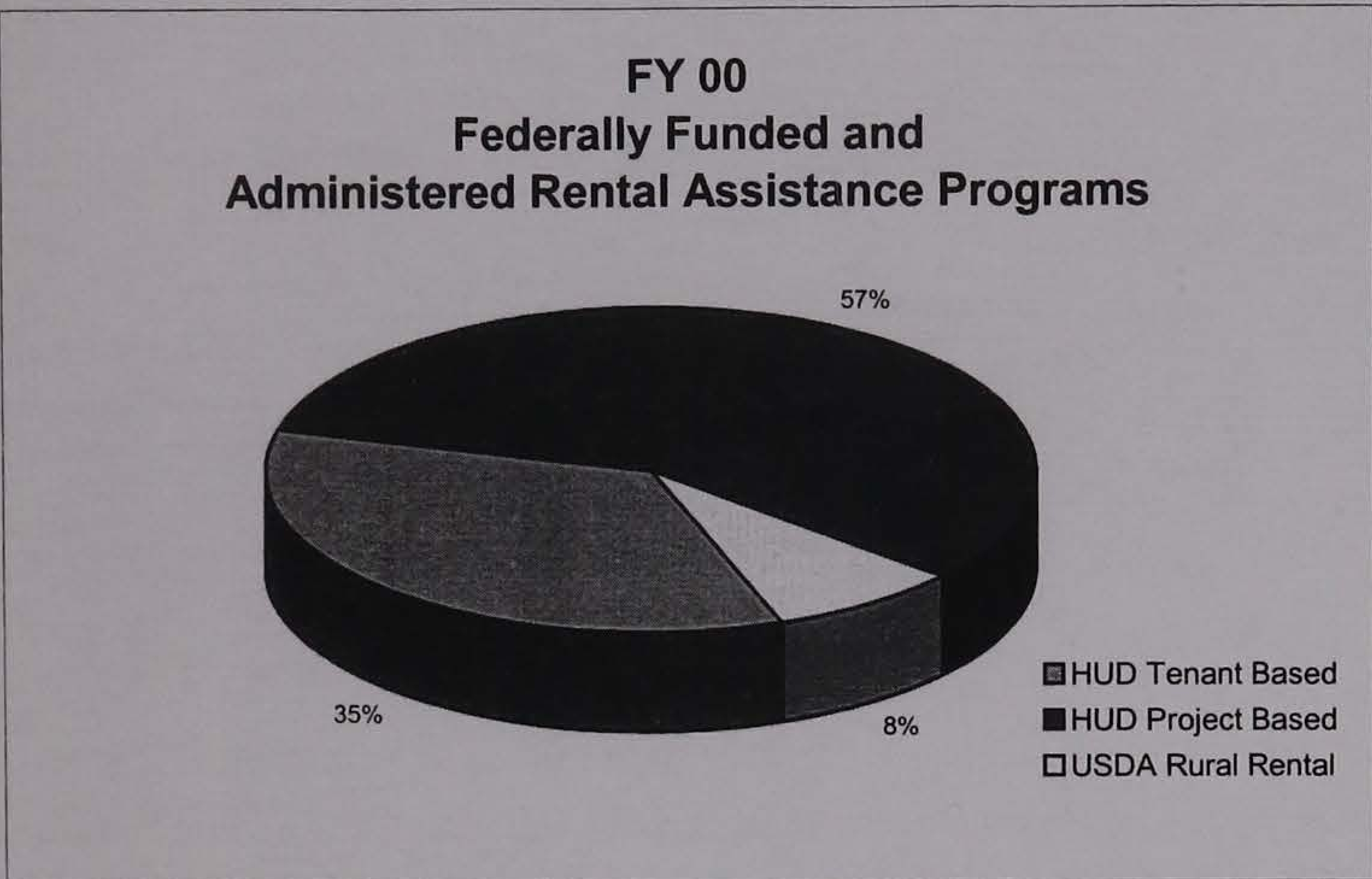

Federally Funded & Administered	Dollar Amount*
HUD Tenant Based	$43,600,000
HUD Project Based	$72,000,000
USDA Rural Rental	$10,000,000
TOTAL	**$125,600,000**

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ASSESSING IOWA'S HOUSING NEEDS:

AN EVALUATION OF HOUSING POLICY

AT THE TURN OF THE CENTURY

A REPORT TO THE GOVERNOR'S TASK FORCE ON HOUSING

SPONSORED BY
IOWA FINANCE AUTHORITY
IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT
THE FANNIE MAE FOUNDATION

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The Public Policy Center
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ABOUT THE AUTHOR

Heather MacDonald is the Chair of the Graduate Program in Urban and Regional Planning at the University of Iowa, where she teaches and conducts research in areas related to housing and land use. She received a PhD from Rutgers University in 1990. Her most recent work for the state of Iowa was the 1999 study of Iowa's homeless population. She has also recently completed a study of the GSE's activity in the non-metropolitan USA, for the Office of Policy Development and Research of the US Department of Housing and Urban Development. She has published widely in academic journals, on topics related to low income housing policy, housing finance, and changes in the rural economy.

EXECUTIVE SUMMARY

This study aims to provide a basis for a broader discussion of housing policy in Iowa. It assembles and analyzes a variety of data to develop an understanding of

- the variety of housing problems throughout the state;
- the programs and initiatives we have used to address these problems up to the present.

The study uses this understanding to draw conclusions about

- the volume of unmet housing needs throughout the state; and,
- the priorities that should guide policy design in the next decade.

How do housing conditions vary across Iowa?

- 27 counties appear to have tight housing markets (less than a 5% vacancy rate). Most of these are metropolitan counties or counties adjacent to metropolitan areas that have become lower-priced bedroom communities for people employed in the neighboring metro area;
- Demand has weakened in many (but not all) rural counties, resulting in a surplus of units. Abandonment and deteriorating housing quality may be the result. Counties with weak demand are also more likely to rely on manufactured homes for additions to their housing stock.

What are Iowa's primary housing problems?

- Across the state, the condition of housing is a more widely-shared problem than the supply of housing;
- Housing problems (defined as living in substandard housing, or having a housing cost-burden) primarily affect renters under 30% of median income, and home owners under 50% of median. Renters and owners at these income levels face housing problems in stagnant and declining as well as growing housing markets.
- Low and moderate income households may need assistance to purchase a home in rapidly growing housing markets.

- Counties with stagnant or declining housing markets may lack housing attractive to higher income residents. This may pose community development problems, as they may be unable to attract essential service providers or businesses. The deficit of higher priced homes may be evidence of a market failure in some counties.

What are Iowa's Most Important Unmet Housing Needs?

- In the state as a whole, 47,298 non-elderly extremely low income households have a housing problem;
- Given the ample supply of subsidized elderly housing in most communities, a total of only 1,378 elderly extremely low income renters have a housing problem;
- A total of 2,194 non-elderly very low income renters are estimated to have housing problems;
- Among elderly very low income renters, we estimate that 428 have a housing problem;
- We estimate that a total of 54,335 home owners with incomes below 50% of median have a housing problem;
- We estimate a total of 8,207 low income, and 1,441 moderate income home owners, have housing problems;
- In counties with housing markets classified as "declining", we estimate there is a shortfall of 6,143 higher priced new or modernized units (in the price range of households earning more than the median income);
- In counties with housing markets classified as "stagnant", we estimate there is a shortfall of 6,385 higher priced new or modernized units (in the price range of households earning more than the median income).

How should new housing resources be targeted?

- Among very low income renters, non-elderly households' needs have been relatively neglected;
- For disabled individuals who are already receiving supportive services, housing assistance could improve their ability to live outside of an institutional or group home

setting;

- Very low income homeowners are also in need of assistance. Housing assistance for very low income home owners living in substandard housing, and better support for owners of manufactured homes, should be a priority concern;
- Low and moderate income home owners may need assistance in rapidly growing housing markets, both with financing a purchase and with financing home improvements;
- Counties with stagnant or declining property markets, and some sub-markets within growing counties, are likely to need assistance providing higher quality housing. The risks of speculative new construction or preservation may be too high to attract private sector investment. Public investment may be needed to leverage private sector funds.

How should programs be designed to serve targeted households and communities?

- Maximizing the funds available from the private sector will stretch subsidies further.
- Private sector investment will be crucial to meet the needs of moderate to upper income households, and the communities which hope to attract higher income residents.
- Less capital-intensive ways of meeting housing needs (such as counseling or supportive services) should be explored.
- Maximizing the funds available from the Federal government will stretch state resources further.
- Increasing State resources dedicated to housing. Iowa currently ranks 47th among states in spending on housing, although it is among the top 25 industrialized states.
- Streamlining the programs administered by federal, state and local governments could help lower the costs of developing projects. It could also make it easier for new developers (both non-profits and for-profits) to begin serving the specialized subsidized housing market.
- Building development capacity at the local level, especially in smaller communities, could help expand local efforts to meet housing needs.
- Examining regulatory barriers to affordable housing could make it easier to meet some housing needs, such as for manufactured or multifamily housing.

Questions the Task Force Should Address:

1. Distributing Resources

What is the appropriate balance of resources among the housing needs faced by households at different income levels, and by communities?

2. Improving Housing Quality

How should Iowa deal with its primary housing problem - the large number of units in substandard physical condition? Should the state focus on replacement, rehabilitation, or some combination of the two? How should it deal with the dilemma posed by the fact that substantial rehabilitation or new construction may not be justified in some markets?

3. Strengthening Partnerships

How could partnerships among federal, state, and local governments, and the private for-profit and non-profit sectors, be improved and streamlined? How could the contribution of each sector be improved, and how could synergies be strengthened?

4. Using Resources More Effectively

How could programs use resources more effectively and efficiently? What role should capital and non-capital subsidies play? How should the problems faced in various programs (for instance, the expiring use problem and the problem of high vacancy rates) be addressed? Is there a role for the state in breaking down regulatory barriers at the local level to ensure that resources are used more effectively?

SECTION ONE: PURPOSE AND SCOPE OF THE STUDY

State governments play an increasingly important role in housing policy. States design and implement housing assistance programs, they distribute federal housing resources such as block grants and tax-based incentives, and they act as the ultimate arbiter of local land-use regulation. Iowa's housing policy, like that of most states, has evolved incrementally as its responsibilities have grown.

Rarely do we have the opportunity to stand back and evaluate the housing policy that has emerged. As in most states, housing programs are fragmented - several agencies are involved directly or indirectly, and initiatives are taken by the private as well as the public sector. Housing needs differ widely among communities, and competing needs spread resources among a wide variety of programs.

Fragmentation and local variation make it difficult to evaluate how well resources have been used to meet needs. As a result, it is difficult to decide whether new resources are needed and if so, how they should be used. Although housing in Iowa is more affordable than that in many other states, we estimate that a significant number of households either live in substandard housing or pay more than 30% of their income for housing. A recent national analysis by the National Low Income Housing Coalition (in the report, *Out of Reach: the gap between housing costs and income of poor people in the United States*) concluded that on average 39% of Iowa renters could not afford to spend what HUD estimates as Fair Market Rent for a 2-bedroom home. Housing also affects community viability - a poor quality housing stock may make it more difficult to attract and retain essential service workers, and businesses.

This study aims to provide a basis for a broader discussion of housing policy in Iowa. It assembles and analyzes a variety of data to develop an understanding of

- the variety of housing problems throughout the state;
- the programs and initiatives we have used to address these problems up to the present.

The study uses this understanding to draw conclusions about

- how effectively housing resources have matched housing needs, geographically and by sector; and,

- the priorities that should guide policy design in the next decade.

Developing an accurate picture of Iowa's housing conditions is difficult given that the 2000 Census will not be available for some time. The Census Bureau's projected release dates for various elements of the data range from June 2001 to September 2003. Detailed information on housing conditions at the local level is typically only available toward the end of this period. This study presents an interim assessment of Iowa's housing conditions, providing a basis for a broader reevaluation of housing programs statewide. As more current reliable data become available, they should replace the estimates presented here.

The picture of housing conditions presented in this study is based on a combination of projections from 1990 data together with more recent data where this is available. The assessment of housing conditions is our "best guess" about the housing circumstances Iowans face in each county. Projections are far less reliable than Census data, because they are based on several assumptions about patterns of change. Widening income inequality, rapid deterioration of parts of the housing stock and disproportionate increases in rents or prices for homes in good condition, may not be captured by the average rates of change on which many of these projections are based. These estimates also rely on several different sources of data, some of which are less reliable or less consistent than others. Missing data for several counties was dealt with by assigning them average scores calculated for the counties for which we had data. This also introduces inaccuracies. While more reliable recent data are available on the programs and initiatives that make up current housing policy, even this data has gaps.

Consequently, the estimates presented in this report should not be treated as indisputable "fact". Our intention here is to capture broad regional and sectoral variations in housing problems, not to provide a detailed housing market analysis for each county in the State. At smaller scales (such as individual communities within counties) these projections would become increasingly inaccurate. The study is not a substitute for careful analyses of local housing market conditions, and in particular it should not be seen as a substitute for the identification of problems, goals and priorities by local residents. Consolidated Plans developed for metropolitan areas and Local Housing Needs Assessments prepared in smaller communities, are the appropriate sources to consult for a more accurate picture of conditions in specific communities.

This study is intended to offer policy makers at the state and regional levels a guide to:

- the range of housing problems experienced in different regions in Iowa;
- the likely volume of different housing needs, in the State and in particular regions;
- the distribution of resources over the past decade by housing sector and by region.

Every care was taken in examining assumptions critically and maintaining consistency throughout the projections. The Housing Roundtable (composed of key decision-makers from both public and private housing organizations) played an important role in overseeing decisions about assumptions and methodology during the development of the study. Appendix A explains in detail the methodology we used. The major assumptions on which this study is based are:

- Income distribution has remained the same in each county since 1990, and income distribution between renters and owners has remained the same;
- The distribution of units by price and rent has remained the same in each county since 1990 - older units have filtered down in the price / rent scale as newer (more expensive) units are added;
- Estimates of demolitions, new construction, severely deteriorated units and units needing substantial rehabilitation are accurate;
- HUD's estimates of county median income, and the estimates of renter median income, are accurate[1];
- The Census Bureau's estimates of population change, change in household size and in age composition are accurate.

The remainder of this section of the report describes our approach, and outlines key definitions.

Developing a Picture of Housing Conditions

Our starting point was a basic economic model that asks three questions:

- What is the demand for housing across the state?
- What is the current supply of housing across the state?

---

[1] It is possible, for instance, that low reported cash incomes from agriculture skew median incomes downwards in rural counties, exacerbating urban/rural disparities.

- Is there a gap between demand and supply?

Each of these broad questions raises several subsidiary questions. Understanding the demand for housing involves answering the following questions:

  - How many households are there in each county?
  - How many are owners and how many are renters?
  - How much can households at different income levels afford to spend on housing?
  - How many of these households have special needs (for instance, are elderly, homeless, or suffer from physical or mental disabilities)?

Similar questions are addressed about the supply of housing:

  - How many housing units are there in each county?
  - How many are in decent physical condition, and how many need substantial rehabilitation?
  - How are owner-occupied and rental housing units distributed by price or rent?

Comparing the estimates of supply and demand provides a base-line estimate of the number of renter and owner households living in substandard housing or paying more than 30% of their income for housing. The next section of the study adjusted these estimates by taking into account the number of assisted units to determine unmet needs.

Developing a Picture of Housing Resources

The second part of this study examines how housing resources have been distributed by purpose and geographically. Resources fall into two major categories:

- Housing subsidies, such as rental assistance, or subsidized loans or grants to develop housing. All the resources examined here are provided by the public sector, but some (such as Low Income Housing Tax Credits) provide incentives to private sector investors. Projects also receive private sector housing subsidies, from foundations and from programs such as the Federal Home Loan Bank Board's Affordable Housing Program, but these are not examined here. Private sector subsidies are unlikely to account for many units not already subsidized by the public sector sources examined here.
- Financial resources, such as mortgages, and mortgage purchases by secondary markets

such as Fannie Mae and Freddie Mac. Most of these financial resources are private-sector, but some (such as USDA loan guarantees and Mortgage Credit Certificates) are underwritten by government. Not all public sector resources are subsidized, and subsidy amounts usually vary depending on the home owner's income.

Data was obtained from five agencies on the housing funds provided under fifteen different programs for the past decade. In most cases, the purpose of the project and the number of units or households assisted could be identified. Eliminating duplication was a concern - several programs often provide funds for the same project. A detailed description of the various programs and the methodology used to analyze the data is included in Appendix A. Data were collected on the stock of housing subsidized by various federal programs. A variety of publicly available data sources provided information on private sector financial resources.

The final section of the report compares the volume of funding (and numbers of assisted units) to the volume of need. Comparing our estimates of housing supply (including the availability of subsidized units) with our estimates of demand for housing at each income level allows us to draw conclusions about the volume of unmet needs throughout the state. Key policy questions are raised on the basis of these conclusions.

DEFINITIONS

Income Levels:

Five income levels are used, based on the categories HUD typically uses to define levels of need. These five categories identify cohorts of households in need of different types of assistance. The cut off points they define differ depending on county median income, but this variation accurately reflects the relative economic position of households in different kinds of communities. Income levels would usually be adjusted for household size, but this analysis does not differentiate households by size. Introducing this level of detail would decrease the accuracy of projections. The cut off points shown here are for a four-person household (they would be lower for smaller households and higher for larger ones).

- **Extremely low income** households are those earning less than 30% of median income. Although the income cut off varies depending on the local median income, it generally corresponds to households below the federal poverty line. Many in this category may be elderly or special needs households on fixed incomes, or those supported by one wage earner at minimum wages. For instance, in Black Hawk County, with a median income of $43,500 in 1999, a person working 40 hours a week at $6.39 an hour or less to support three family members, would be extremely low income. On average, about 14% of households in each county are extremely low income.

- **Very low income** households earn more than 30% but less than 50% of median income. Households in this category would typically include the "working poor" - those supported by one or two wage earners with low hourly wages. In Black Hawk County, this would translate into an hourly full-time wage of $10.66 or less. On average, about 15% of households in each county are very low income.
- **Low income** households are those earning between 50% and 80% of median income. This is the cut off point for many assistance programs aimed at first-time or low-income home buyers. Few households in this category would need assistance paying rent in Iowa, but some may need assistance to buy homes. They would typically include younger or single earner households with white collar jobs, or households with two earners in low paying jobs. This would translate into a full-time combined wage of $17.05 an hour or less in Black Hawk County.
- **Moderate income** households earn between 80% and 100% of median income. In most parts of the state households at this income level could afford to buy a home, but they may not be able to in a few high-priced metropolitan areas. Although most could afford mortgage payments on a home, some may need assistance with down payment and closing costs.
- **Middle to Upper income** households are those earning above the median. One of Iowa's competitive advantages is that housing prices throughout the state are in easy reach of households at the median. Some communities may find it difficult to develop housing sufficiently attractive for middle and upper income households, but households in this income group do not face housing problems comparable to those at lower incomes. Very few federal or state funds are available for households above 110% of the median, and

these are usually only provided if the funds are used in a distressed neighborhood.

Affordability:

The federal standard for housing affordability is that households should pay no more than 30% of their gross income for housing costs (including utilities). We used this standard to calculate how much households at each of the five income levels could spend on housing. For renters, we calculated 30% of gross monthly income to determine how much they could pay in rent and utilities combined (gross rent). For owners, we used a standard mortgage calculator (from Fannie Mae's consumer web-site) which incorporated taxes and insurance as well as principle and interest payments to show the size of a loan a home buyer would qualify for. As with any standard, the 30% affordability threshold is arbitrary. Until 1981, the federal standard was 25% of income. There have been proposals to raise it to 35% of income. Perceptions of acceptable housing costs may differ, especially in more rural areas where people are accustomed to relatively low housing prices. However, in this study households that pay more than 30% of their gross income for housing are described as "cost-burdened".

Housing Quality:

Establishing a definition for substandard or poor quality housing is difficult. The Census of Population and Housing collects only limited information on housing quality, using overcrowding and incomplete plumbing facilities as measures. The Census does provide information on the age of homes, but this is not a good indication of condition, and in older communities is not helpful in differentiating decent quality housing from housing with significant repair needs. We use housing age only to describe housing conditions in general, and to estimate the proportion of newer modern homes in each county. The American Housing Survey uses a much more detailed set of quality measures, but this information is not available even for the state as a whole. We relied on the information gathered in Local Housing Needs Assessments, prepared by counties and communities for the Iowa Department of Economic Development. Local Needs Assessments include a windshield survey rating the condition of a sample of units in each community. The guidelines clarify as far as possible the standards that should be used to judge housing condition, and the categories used for evaluation. Four categories are typically used, and are described as follows in the *Housing Needs Assessment Manual*:

1. Good - A structure recently built and meeting codes or which, if somewhat older, has had careful maintenance of both structure and grounds. No surface wear is apparent and repairs are not needed.

2. Fair - (Minor Deficiency). A sound structure but in need of surface maintenance and possibly showing small signs of wear. The structure is not as well maintained as the "good" category and the pavement or any accessory building may need repairs. Minor maintenance needed.

3. Poor - (Major Deficiency). Significant surface wear is noticeable. The structure itself is slightly out of plumb with cracks, holes or even breaks evident in walls, foundation and roof. Paint is blistered and windows, steps, etc., may need to be replaced. Major maintenance is needed.

4. Deteriorated - (No Rehabilitation Feasible). The structure is unsound and totally substandard. The foundation, roof and bearing elements have substantial defects.

Many Local Needs Assessments also attach estimated repair costs to each category, usually as follows:

Good - no significant repair costs

Fair - Between $5,000 and $15,000 in repairs needed

Poor - Between $15,000 and $25,000 in repairs needed

Deteriorated - More than $25,000 in repairs needed.

This is the best available source of data on housing conditions, but it does have problems. Needs Assessments are done at different times in different communities, so the period between one county's assessment and another's may be as long as five years. Only a sample of units is surveyed, and it is obviously impossible to standardize such a subjective measure. Furthermore, only 55 counties had completed Needs Assessments by the beginning of 2000; for the remaining counties, we had no choice but to use averages to describe their housing conditions. We checked these averages against housing quality surveys in individual communities within counties with no completed Needs Assessment. One could also question whether estimates of substandard housing are inflated; organizations conducting Needs Assessments may have an incentive to over-estimate the need for rehabilitation funding. Given the importance of housing condition in the analysis of needs, this is a significant (but unavoidable) weakness of this study. It is a primary reason why the assessments of need should be treated as estimates rather than facts. For many counties, these are "ballpark" figures; even for those counties with relatively current data, sampling and surveyor error may under or overestimate the problem. With these caveats, the estimates probably provide a broadly reliable guide to the condition of Iowa's housing stock. We have no other source of information for this important issue.

We used the assessments of housing condition as follows:

- Housing described as "deteriorated, in need of replacement" was removed from our estimates of the total housing stock in each county, along with the units reported as demolished by the Census of Construction.
- Housing described as "poor condition, in need of between $15,000 and $25,000 to rehabilitate to decent condition" was identified as substandard. Housing with this volume of repair needs may pose some dangers to inhabitants (especially children), and neglecting repair needs of this scale would likely lead to deterioration in the short to medium terms.
- The other two categories (fair and good) were assumed to provide decent quality, safe housing. Owners may still have unexpected repair and replacement needs, but even fair quality housing was assumed to be adequate.

The next section of this study presents our assessment of housing conditions across Iowa, using the methodology, assumptions and definitions outlined here and in Appendix A.

SECTION TWO: HOUSING CONDITIONS

What has happened to Iowa's housing stock over the 1990s? We examined several dimensions of change over the past decade to answer this question. Population growth and decline, and the changing age and household structure of the State's residents, help us understand how many households need housing. Changes in household income compared to changes in housing prices affect how much they can pay for that housing. Changes to the housing stock, through new construction, demolition and manufactured home placement, give us a picture of how many units are available to meet this demand. This section of the study summarizes housing conditions throughout the state, and identifies four different kinds of housing markets. A brief summary of housing needs among different types of households concludes this section.

Trends in Housing Supply and Demand over the 1990s

Iowa's population has shifted geographically over the decade, as Figure 2.1 shows. These shifts have been driven by complex changes in the economy and employment, in demography, and in household composition and lifestyle. As agriculture has become a less significant employer and information-related industries (such as insurance) a more significant employer, residents of smaller rural counties have either moved or begun to commute longer distances to larger employment centers. Households that rely on two wage earners may have moved to a larger job market to accommodate two workplaces. On the whole, population has moved from smaller to larger places (as in the nation as a whole). Growth has occurred in counties adjacent to metropolitan areas as well as in metropolitan counties.

Population growth and decline has not necessarily been reflected in changes in the housing stock. Figure 2.2 shows the net growth or decline in all housing units (conventional as well as manufactured homes) by county. Not all counties that have lost population have also lost units. Part of this imbalance may be due to the fact that existing units are not in the right location - they may be in unincorporated areas or very small towns, remote from services and jobs. Some imbalance may also reflect the fact that it is often cheaper and easier to replace a home in need of substantial rehabilitation with a new manufactured home. The older home would be abandoned

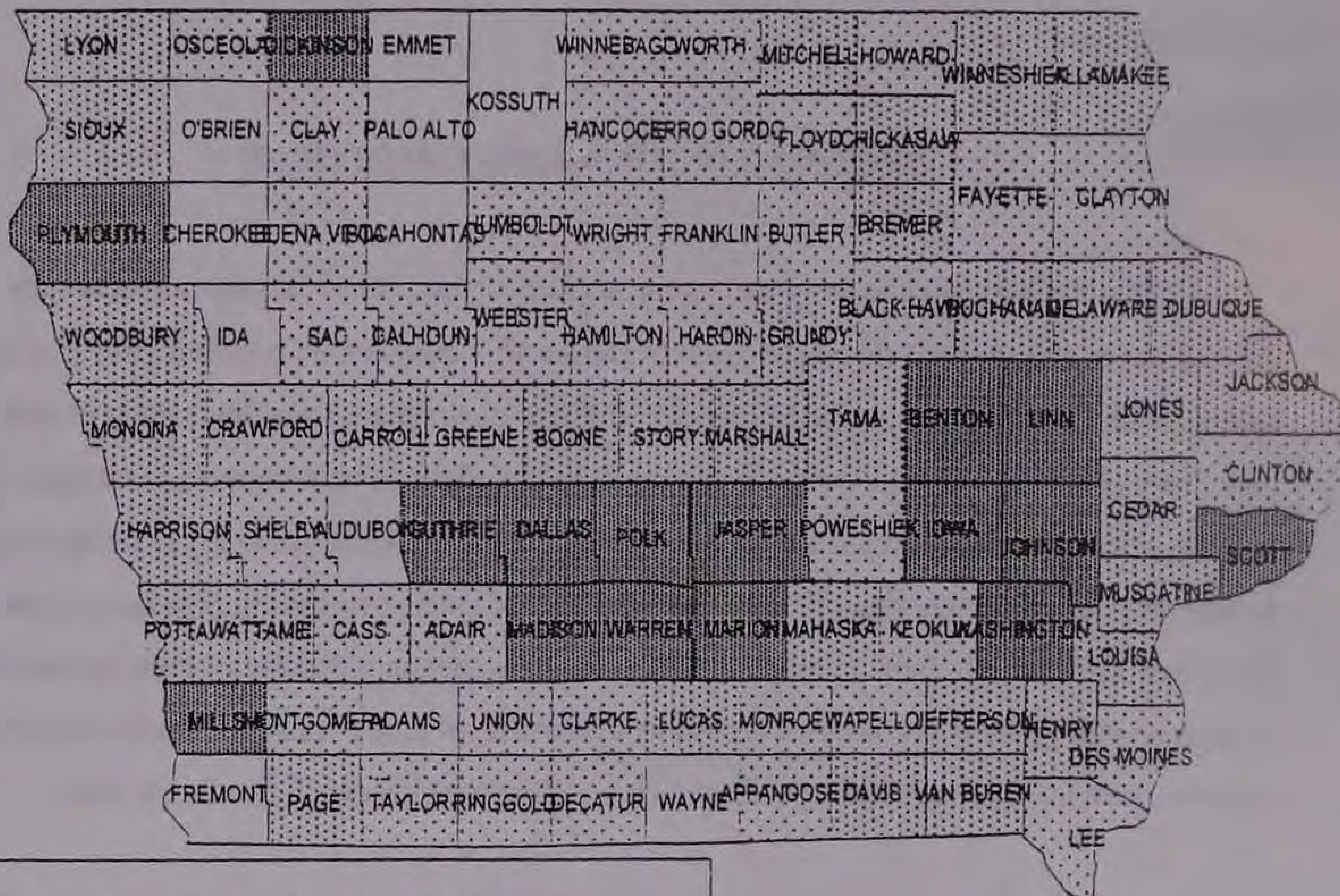

Figure 2.1: Population Change, 1990 to 1999

- more than 5% growth (16)
- up to 5% growth (32)
- up to 5% decline (39)
- more than 5% decline (12)

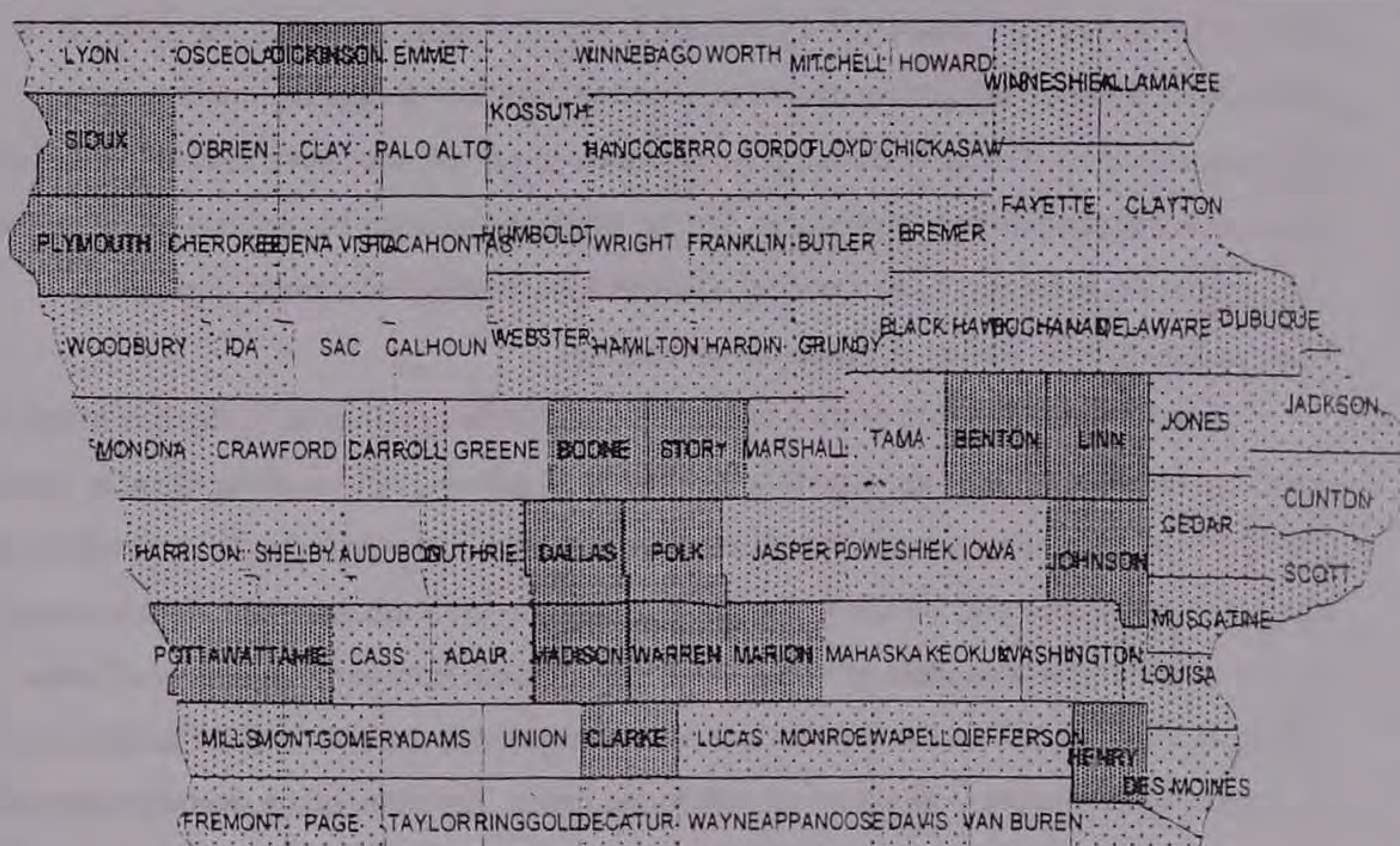

Figure 2.2: Change in Housing Units, 1990 to 1999

- more than 10% growth (16)
- 5% to 10% growth (20)
- up to 5% growth (45)
- decline (18)

and deteriorate gradually instead of being demolished.

Much of the growth in Iowa's housing stock has been through manufactured home placements rather than conventional construction. Figure 2.3 shows the share of new units made up of new manufactured homes. In one quarter of counties, manufactured homes account for the lion's share of growth over the decade. Given the difference between the price of an average new manufactured home, and the price of an average new conventional unit, this is not surprising.

Manufactured homes may be particularly attractive choices in markets with quite low housing prices. In a stagnant or declining property market, a new home may not appreciate much in value. A large supply of lower priced homes may make it difficult to justify an appraised value equal to the cost of new construction. Figure 2.4 shows the average sales price of homes in 1999, overlaid with rates of increase over the decade. Several counties have had low rates of inflation and have very low average prices currently. In stagnant property markets, new construction and even some substantial rehabilitation would not be justified by the return to an owner or lender. As units deteriorate or are abandoned, property values may be depressed further in a vicious cycle.

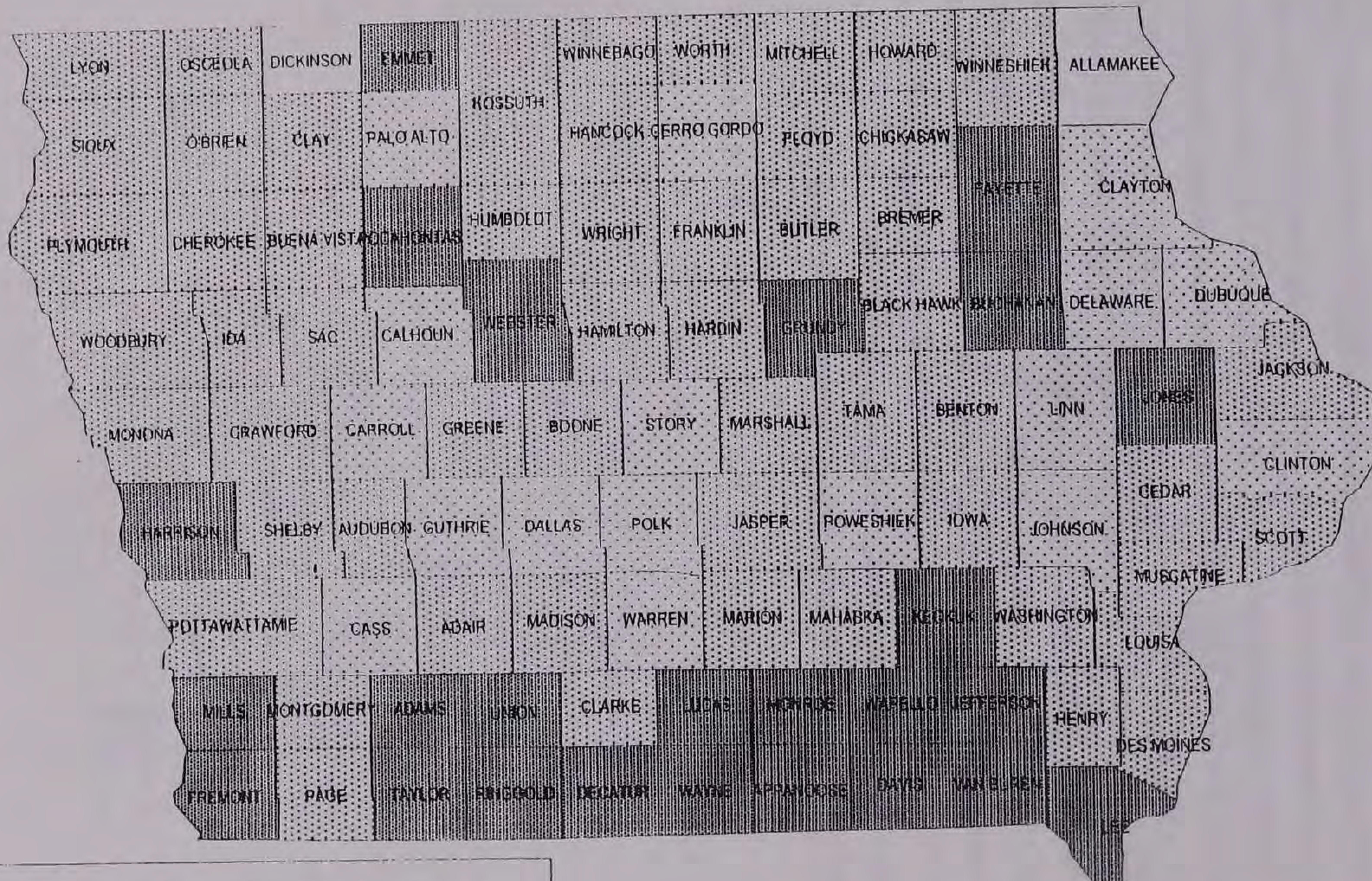

Figure 2.3: New Manufactured Homes as % all New Units

- more than 50% (25)
- 25% to 50% (55)
- up to 25% (17)
- decline in manufactured homes (2)

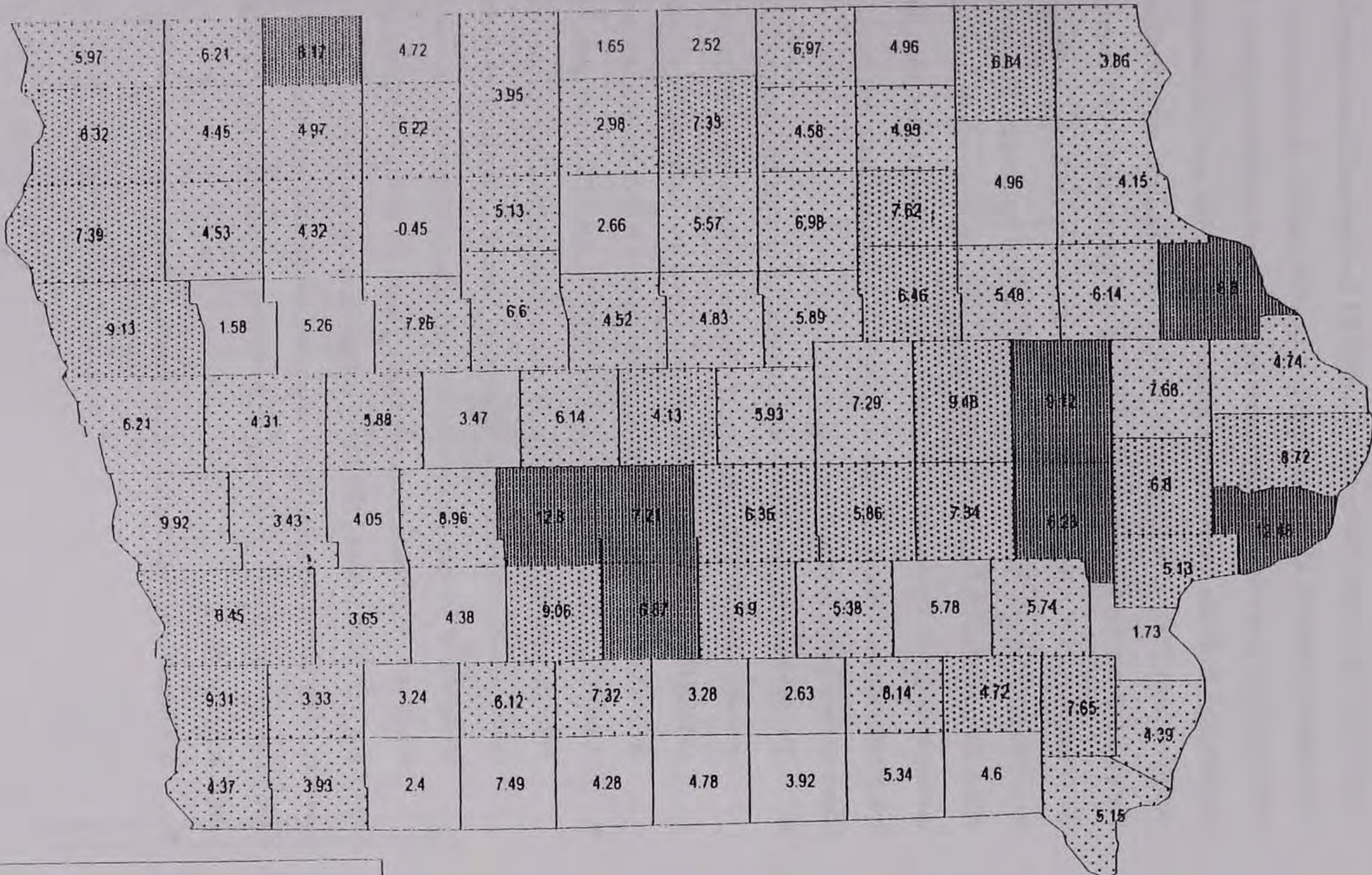

Figure 2.4: Average Sales Price 1998
% annual increase, 1990 to 1998

- more than $100,000 (8)
- $75,000 to $100,000 (21)
- $50,000 to $75,000 (46)
- less than $50,000 (24)

Another aspect of housing quality is the availability of units attractive to higher income households. The attractiveness of a community's housing stock is an important aspect of its development potential, but this is a highly subjective variable. In one person's view, a stock of well-preserved turn-of-the-century homes may offer very attractive options. Another prospective resident may find only newer modern houses attractive. We used two variables to identify the supply of units likely to be attractive to moderate and middle to upper income home buyers. Figure 2.5 shows the proportion of the housing stock built since 1980. Overlaid on this map are the average prices of new single-family units permitted in 1998, as a percent of the price that would be affordable to households at median income in that county. This ratio identifies counties where the new construction that is occurring is less likely to satisfy the preferences of higher income households. Combined with the information on average sales price presented in Figure 2.4, we can start to identify counties that may lack a housing stock that would be attractive to higher income home buyers.

- Twelve counties have both a small proportion of units built since 1980, and have an average value of new single family construction below the price that would be affordable to households at median income in those counties. These twelve counties may have real difficulty providing a housing stock attractive to higher income residents.
- A further fourteen counties have between 10% and 15% newer units, but also have an average value of new single family construction below the price that would be affordable to households at median income in those counties. These fourteen counties may also need assistance in providing a housing stock attractive to higher income residents.

Much of Iowa's housing stock is aging. Figure 2.6 shows the percent of units in each county that were built before 1950. Many older homes may be well-maintained and preserved. However, older homes occupied by lower-income households, especially elderly households on fixed incomes who have limited ability to do routine maintenance, may have deteriorated significantly.

- In a majority of counties (53), more than half the housing stock over 50 years old.

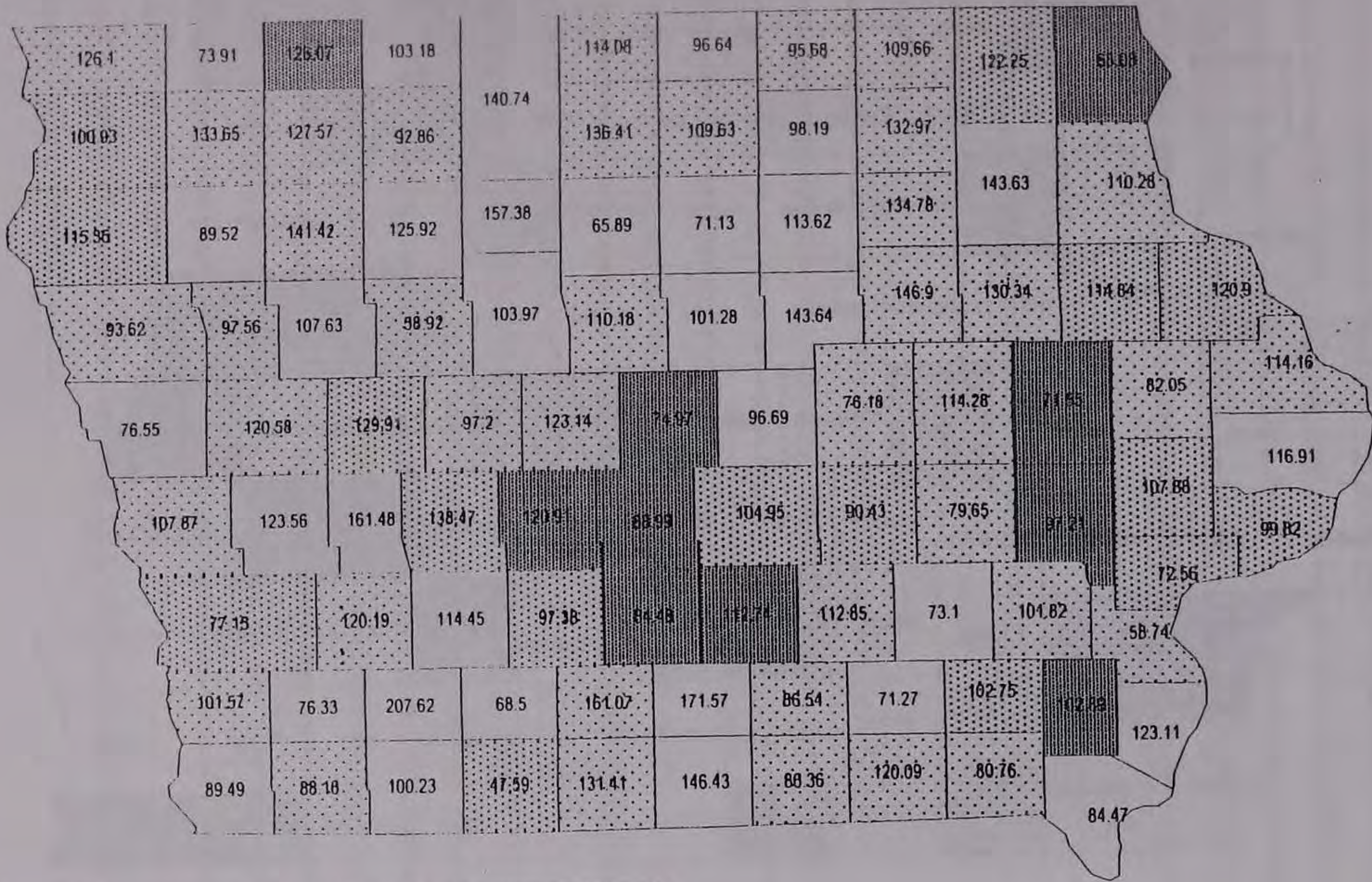

Figure 2.5: Percent of Homes Built since 1980
New Home Price as % Price Affordable at Median

- more than 20% (10)
- 15% to 20% (16)
- 10% to 15% (40)
- less than 10% (33)

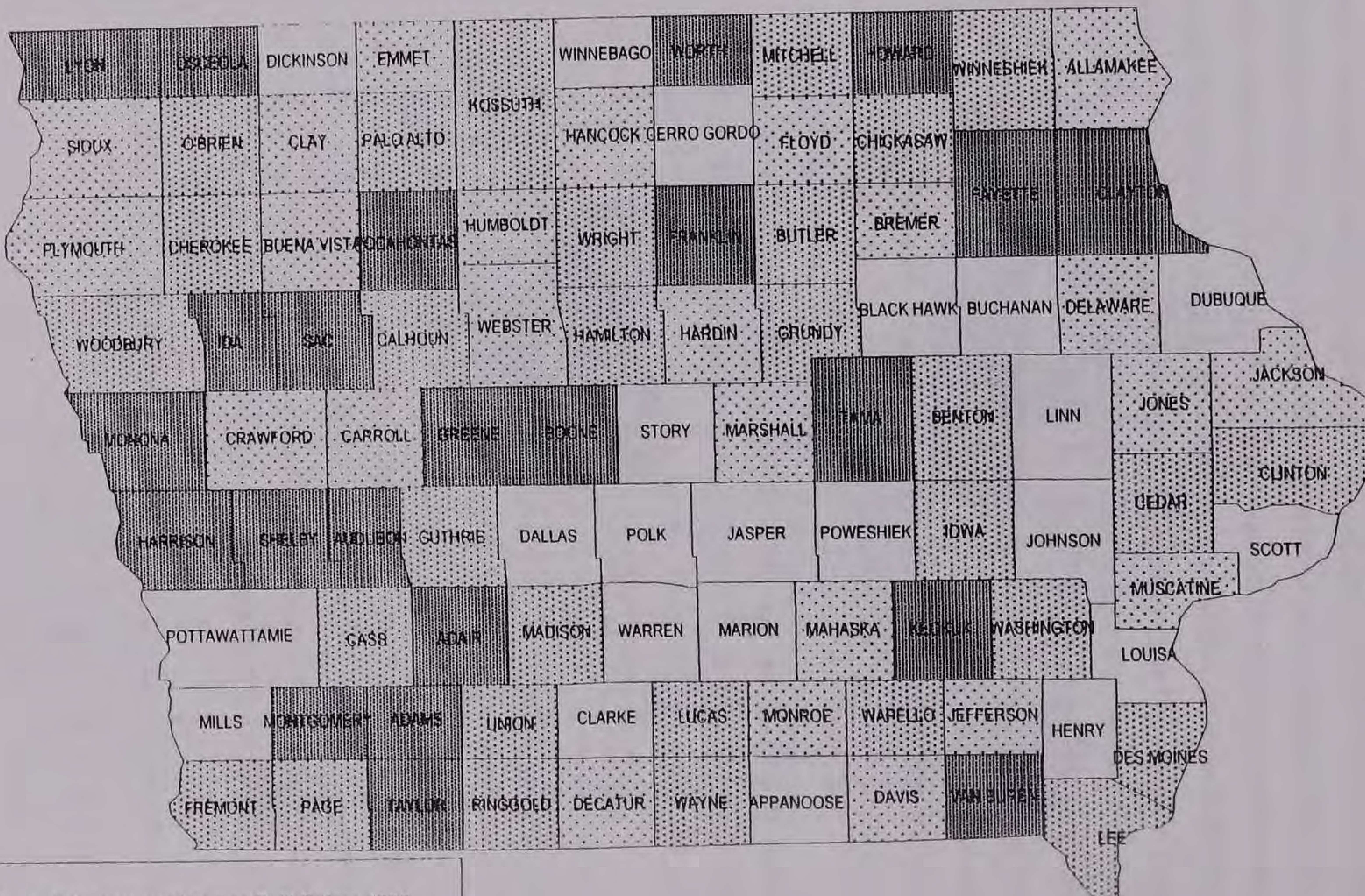

Figure 2.6: Percent of homes Built Before 1950

- more than 55% (23)
- 50% to 55% (30)
- 45% to 50% (24)
- less than 45% (22)

What conclusions can we draw about the effects of these forces on housing conditions?

- Demand in and around some metropolitan areas has grown, often faster than the supply of units. In these locations, prices or rates of development may be expected to rise in the future, and housing affordability and urban sprawl may become increasing problems.
- Demand has weakened in some (but not all) smaller more remote counties - in some, this has been accompanied by a net loss of units, but in many numbers of units have remained stable or declined only slightly. Abandonment and deteriorating quality may be the result.

Housing Conditions in Iowa in 1999

Several different kinds of patterns result from the forces described above. Figure 2.7 summarizes the balance between supply and demand across the state, showing the vacancy rates for all year-round units.

- 27 counties appear to have tight housing markets (less than a 5% vacancy rate);
- Several metropolitan counties and counties adjacent to metropolitan areas have tight markets or shortages. They may have become lower-priced bedroom communities for people employed in the neighboring metro area;
- In other more rural counties, tight markets may be due to the difficulty of attracting new private investment (the exception is Dickinson County, which has seen rapid growth, most likely because of its recreational amenities).

Many units in the housing stock have deteriorated to the point where they would need substantial rehabilitation to offer safe decent housing. Figure 2.8 shows the percent of households we estimate to be living in units in need of more than $15,000 in rehabilitation. The balance between supply and demand is clearly much tighter if we restrict our estimates of supply to those units in decent condition. The reader should be reminded that these estimates of the incidence of substandard housing may be skewed by the weaknesses of the data we rely on here. The proportion of substandard units may have been over-estimated or under-estimated in the Local Needs Assessments on which they are based.

- Although a majority of counties have a surplus of units, only four counties have no households living in substandard units;

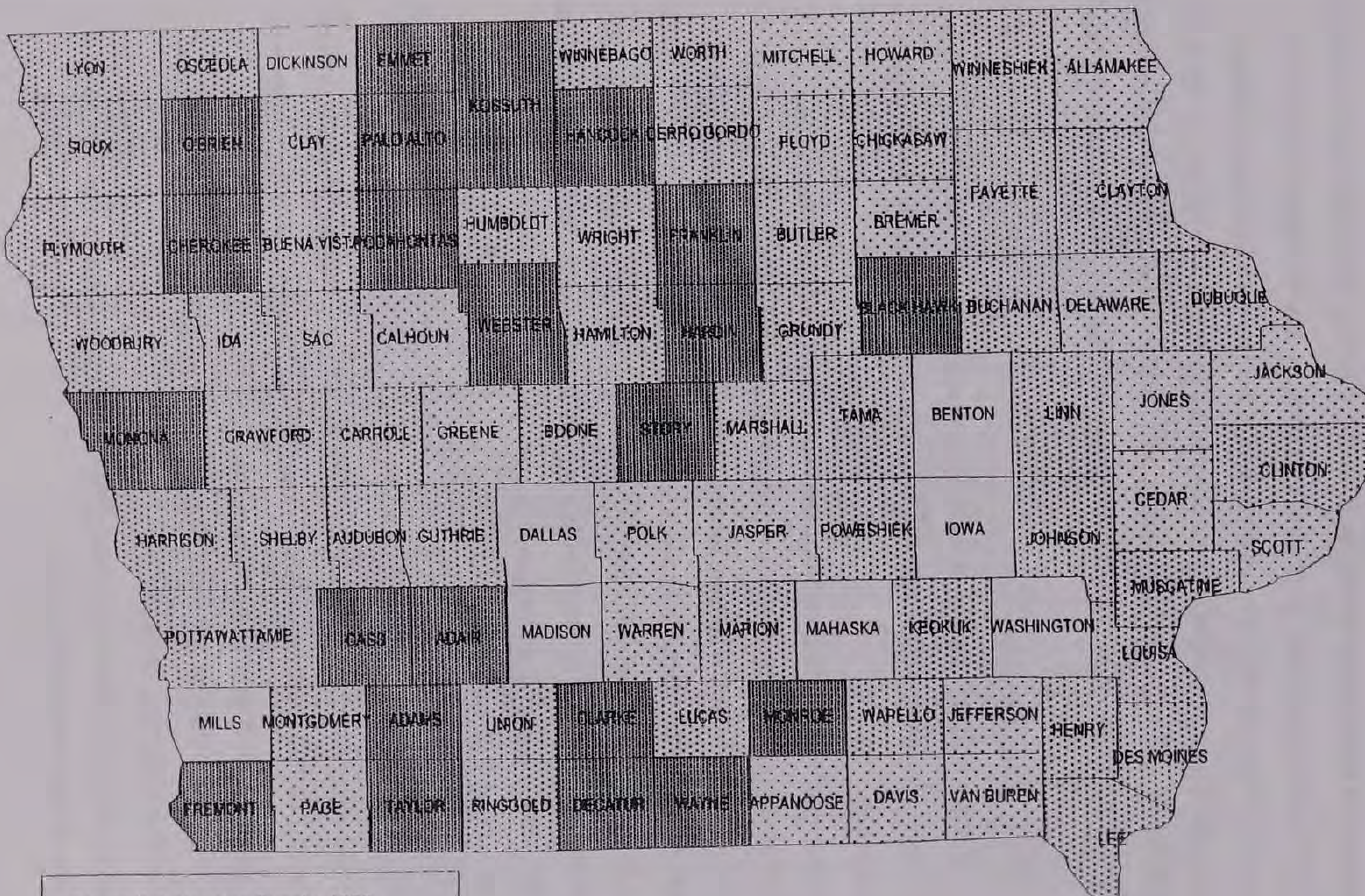

Figure 2.7: Housing Supply, 1999
(estimated vacancy rates)

- more than 10% vacancy (22)
- 5% to 10% vacancy (50)
- 2% to 5% vacancy (19)
- less than 2% vacancy (8)

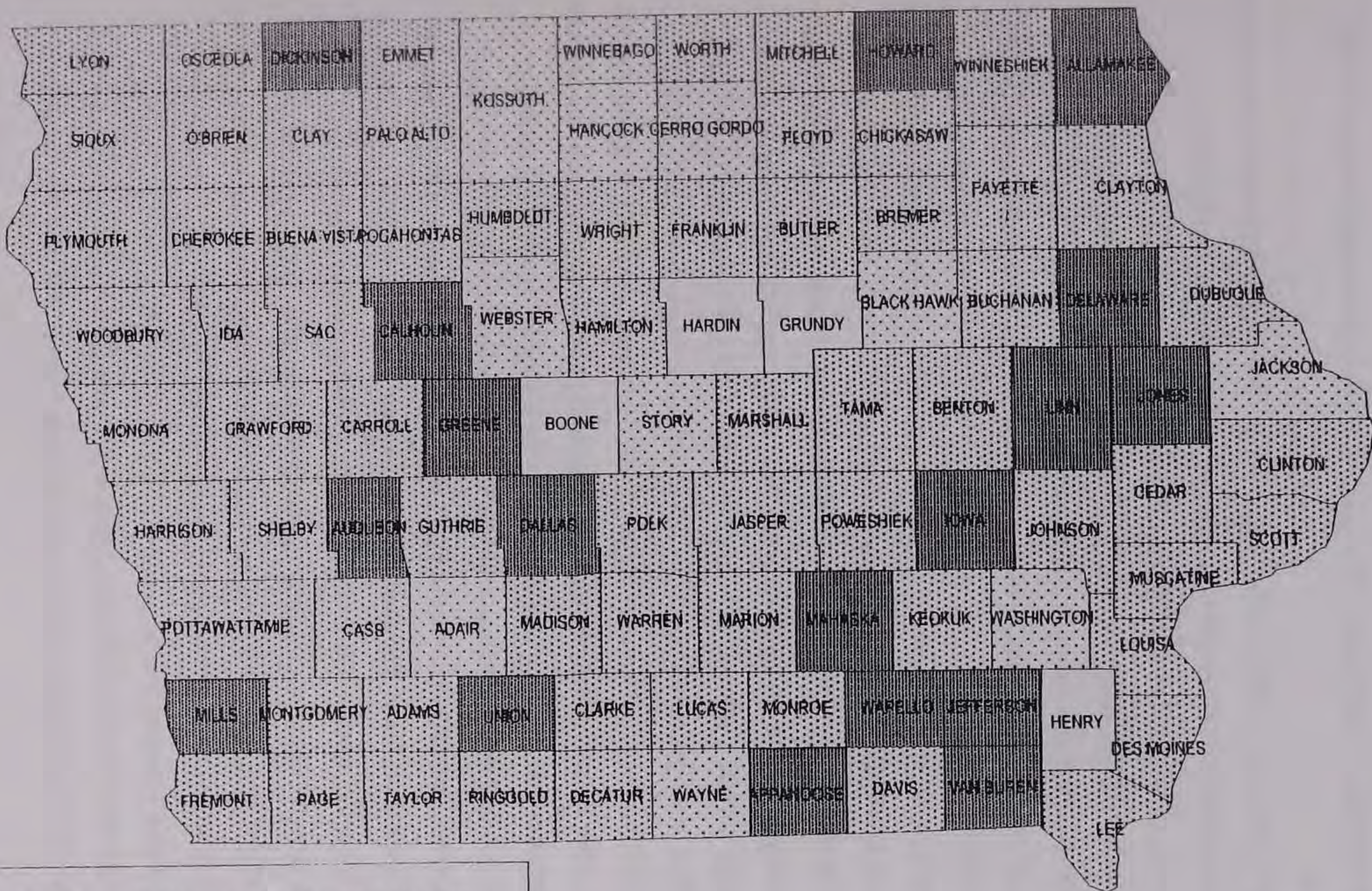

Figure 2.8: Percent of Households in Substandard Units

more than 25%	(18)
10% to 25%	(66)
less than 10%	(11)
none in substandard units	(4)

- Nearly one in five counties may have more than 25% of households living in units that require substantial rehabilitation. These are all counties with overall shortages or tight markets;
- Across the state, the condition of housing is a more widely-shared problem than the supply of housing. Many counties with a surplus have a surplus of poor quality units.

Upgrading the stock would significantly increase the cost of housing in the state. Rents and monthly debt burdens for home owners would increase - for instance, paying off a $20,000 home improvement loan over 15 years at 7.85% interest would add $190 to housing expenses each month. One problem is that in some housing markets, the cost of rehabilitation would not be reflected in increases in value.

This review suggests that there are several different kinds of housing markets throughout the state. We could summarize all these factors by using a simple clustering technique to group counties that have similar characteristics on several dimensions. Comparing counties by vacancy rates, average home price, and annual increases in home price, suggests four groups or broad "types" of housing markets. These are shown in Figure 2.9. Each type of housing market faces different problems. In growing counties, affordability is likely to be an issue. Lack of new development is likely to be a problem in declining or stagnant housing markets. It should also be pointed out that these are county-wide estimates. Counties that are growing may have sub-markets in certain communities that face problems similar to those of stagnant or declining markets. Similarly, not all communities in counties with stagnant markets may face growth problems.

A small group of counties (six metropolitan areas and one rural county with recreational amenities) have low vacancy rates, high home prices and have seen rapid increases in home value over the 1990s. We could describe this group as **rapidly growing** housing markets.

A second group of counties (24) appear to be growing steadily. They have above-average prices and rates of increase, and below average vacancy rates. Many in this group are metropolitan areas, adjacent to metropolitan areas, or contain medium-sized cities. We could describe this group as having **stable, growing** housing markets.

The third group of counties (29) have slightly below-average housing prices and rates of increase, and slightly above-average vacancy rates. All are non-metropolitan, but some contain

Figure 2.9: Types of Housing Markets

- rapidly growing (7)
- growing (24)
- stagnant (29)
- declining (39)

medium-sized cities. On average, their population has remained about the same size over the decade. We could describe this group as having **stagnant** housing markets.

The final group of counties (39) have home value and rates of appreciation in value well below average for the state, and vacancy rates that are above average. On average, their population has declined, and a high proportion of housing units are manufactured homes, suggesting that conventional new construction is less viable. This group of counties may have **declining** housing markets.

Housing Needs: Affordability

Different regions tend to have different kinds of housing markets, and thus face different kinds of housing problems. Affordability is clearly an issue in rapidly growing housing markets. However, a deteriorating stock and concerns about the economic viability of new construction or substantial rehabilitation in declining markets, may force lower income households into substandard housing. On average across the state, 14% of households have incomes below 30% of the median (that is, they are **extremely low income**). A further 15% of households are **very low income**, with incomes between 30% and 50% of the median. Households at these income levels may only be able to afford poor quality housing, or may be cost-burdened (pay more than 30% of their income for housing) if they live in decent quality homes. Who are the groups in greatest need?

Low wage workers make up a large share of very low and extremely low income households. On average in the metropolitan areas of the state, a four-person household supported by full-time hourly wages of $6.58 would be extremely low income; they would be very low income with full-time hourly wages up to $11.85. In non-metropolitan areas on average, the equivalent hourly wages would be $5.65 and $10.17. Single-earner households may be most likely to fall into this category.

- In Iowa as a whole, we estimate there are 175,431 extremely low income households. Of these, 104,597 are renters, and 70,834 are home-owners. Nearly one in three households in this income category are either disabled or elderly;
- We estimate a total of 151,537 very low income households, 86,225 of whom are renters

and 65,312 are home-owners.

Iowa's elderly population is growing, and elderly home owners and renters on fixed incomes account for a share of households with incomes less than 50% of the median. Elderly households make up approximately 20% of extremely low income households (35,117), and approximately 21% of very low income households (31,201). Many elderly homeowners choose to stay in their homes as long as they can live independently, but may not be able to repair and maintain their homes. Some may need specialized care as they age, but for many decent quality affordable housing is their main need. Accessible units (for those with mobility limitations) may be in increasing demand for replacement housing, as this population cohort grows.

Individuals with mental illness or developmental disabilities who are receiving SSI (Supplemental Social Security) have extremely low incomes, typically below 25% of median income. Across the state, a total of 19,964 individuals with mental illness or developmental disabilities were served by Department of Humans Services Offices in 1999. Individuals with disabilities make up 11% of extremely low income households. While skilled group care may be appropriate for some, and others may choose to live in small group homes, the majority of individuals with disabilities are able to live independently in communities if there is safe, decent affordable housing available. They use supportive services, but do not need to live in special purpose housing.

Extremely low income households are vulnerable to homelessness if they have high housing cost burdens, or live in substandard housing. The failure of a furnace, for instance, can drive a family from their own home into an emergency shelter. Homeless households obviously require decent permanent housing, but in the interim many need emergency shelter or transitional housing. Many homeless individuals and families have other problems that contribute to their situation, and temporary special-purpose housing may be needed for victims of domestic violence, runaway youth, or those with mental, physical or substance abuse problems. Shelter beds and transitional housing units are concentrated in larger and medium-sized cities. Many homeless individuals and families in other locations live doubled up with family or friends for a temporary period, because they have no other options.

- In Iowa in 1999, it was estimated that a total of 18,592 people were homeless at some point during the year. Of these, just more than half were children;

- This translated into approximately 9,695 households, of whom 3,495 were single adults, 2,713 households were made up of single parents with children, and 1,952 were unaccompanied children;
- A further 7,306 individuals (3,186 households) were in imminent danger of becoming homeless (these were defined as households about to be evicted from their homes).
- In 1999, 46.3% of homeless households were employed at least part time. Employment was a much more important source of income than welfare (Temporary Assistance to Needy Families), which was received by 8% of homeless households.

Affordability and housing quality affect extremely and very low income households disproportionately. However, especially in rapidly growing housing markets, home owners with low or even moderate incomes (between 50% and 80%, and 80% and 100% of median income respectively) may also face affordability problems. Their income may be sufficient to make mortgage payments, but they may have difficulty assembling a down payment and closing costs to purchase a home. Helping low and moderate income renters become home owners would help free up rental units for those with lower incomes. Estimates of the numbers of households in each of these categories are shown in Tables B.1 and B.2 in the Appendices.

Housing Needs: Community Development

Housing also contributes to community development, and lack of an appropriate housing stock may constrain growth in some parts of the state. A lack of decent housing affordable to entry-level and less senior employees may make it difficult to attract and retain businesses. In some rapidly growing markets, rapid increases in prices and new development that is concentrated at the high end of the market has created a less-diverse housing stock. Service and retail workers, and some public sector employees, must often commute longer distances from lower-priced locations.

Particularly for counties with declining or stagnant housing markets, the lack of housing attractive to higher income residents may exacerbate development problems. They may be unable to attract essential service providers (for instance, school administrators or doctors) or business owners. In almost every non-metropolitan county throughout the state, there are fewer high-priced units than there are higher-income households. This does not mean that higher income households lack housing - in each county, there are ample lower-priced units available. It does mean that some counties may have an unmet demand for larger more luxurious housing within the price range of households earning above median incomes.

- A majority of counties (55) have a small deficit of homes priced in the range affordable to moderate income households;
- Most counties (91) lack housing within the price range of middle to upper income households.

Households with moderate incomes face affordability problems in only a handful of rapidly growing housing markets. However, the deficit of high-priced housing may be evidence of a market failure in some counties, where speculative construction of larger homes or the restoration of gracious older homes are not acceptable risks given low property values. Subsidizing households' housing costs is not the way to address this problem. However, there may be an argument for subsidizing the risks incurred by developers of new homes or restorers of older homes in some counties. This analysis assumes that higher income households would prefer to spend thirty percent of their income on housing, rather than occupy a more modest unit at a lower price. This assumption should be examined carefully - a perceived advantage of small-town living may be the affordable housing stock, and there may not be an extensive market for higher priced homes.

This section of the study has identified the variety of needs that will be examined in more detail in the final section of the study. Before we draw conclusions about the range and volume of unmet needs, we examine the resources that have addressed these needs over the past decade.

SECTION THREE: HOUSING RESOURCES

Public and private sector entities provide a wide range of resources for home owners and renters at all income levels. This section summarizes how resources have been distributed over the past decade, geographically and by type of housing need. The discussion is organized in two parts. The first examines housing subsidies, primarily provided by public sector agencies. A variety of programs provide assistance either directly to households, or to investors or developers to help subsidize the costs of developing or rehabilitating housing that will be rented or sold at levels affordable to lower income households. Publicly provided subsidies are usually intended to fill a gap that the market cannot serve - most usually, because the price of providing decent housing is higher than households in need can afford to pay. The majority of housing resources, however, are provided by the private sector in the form of financing from banks, mortgage brokers, and the secondary mortgage markets. The second part of this discussion examines the flow of financial resources for single family housing. A few sources of financing (such as USDA Section 502, and the Mortgage Credit Certificate and Mortgage Revenue Bond programs) provide small subsidies to home buyers; for simplicity, these are covered in the discussion of finance patterns.

A variety of resources are also provided at the local level, but these are not covered here. This study focuses on housing policy issues for the State of Iowa, not for individual localities. Collecting and analyzing subsidies provided at the local level is beyond the scope of this study. In most cases, local resources would supplement those available through statewide programs such as the Low Income Housing Tax Credit. However, especially in communities eligible for their own CDBG and HOME block grants, additional units have likely been provided beyond those examined here. Other resources such as Tax Increment Financing may be provided by city and county governments.

HOUSING SUBSIDIES

How much housing assistance, and how many subsidized units, have been provided through federal and state programs in each county? Data was collected from five agencies:

- Department of Housing and Urban Development (HUD), providing public housing, publically subsidized privately owned housing developed under several programs, and rental subsidies to tenants, in the form of Section 8 Certificates and Vouchers;
- Rural Housing Services of the United States Department of Agriculture (USDA), providing development subsidies for rental housing under Section 515 (USDA also provides loan guarantees to home buyers under Section 502, but these are discussed in the following section on financing sources);
- Iowa Department of Economic Development (IDED), which administers two federal block grants, HOME and CDBG (a portion of which is used for housing), and a state housing fund, LHAP;
- Iowa Finance Authority (IFA), which administers federal Low Income Housing Tax Credits (LIHTC), a downpayment and closing costs fund (IHAP), tax exempt bonds, and the Housing Assistance Fund (HAF);
- Iowa Department of Human Services (IDHS), which provides funds to counties for emergency assistance to homeless and near-homeless households and a range of housing-related subsidies for people with disabilities. These funds are usually matched by county funds.

Housing subsidies are provided for a variety of purposes. The major categories of purposes we discuss here include:

- New construction of rental and owner-occupied housing;
- Rehabilitation of rental and owner-occupied housing, sometimes combined with acquisition of the property;
- Direct subsidies to renters or owners, in the form of rental assistance (such as Section 8 certificates) or home-buyer assistance (in the form of down payment or closing cost assistance for example).

We distinguish among assistance provided to renters, owners or homeless households, and to households in different income categories. Summarizing housing assistance by purpose enables us to evaluate how closely the distribution of resources has matched the incidence of need. We begin by providing an overall evaluation of housing assistance and existing subsidized housing across the State, and continue by showing how different types of resources have been distributed geographically.

Distribution of Housing Assistance and Subsidized Housing

We collected information on the existing stock of subsidized housing in Iowa, and on the subsidies provided for a variety of housing purposes over the 1990s. A brief description of the evolution of housing programs, and the shifting responsibilities of federal and state governments, may help explain the information presented below.

Initially, most housing assistance was provided by the federal government, to Public Housing Authorities and to private developers of housing. Iowa has a large stock of housing produced under various federal programs administered by HUD and USDA. HUD's direct role in subsidizing new construction or substantial rehabilitation has diminished as programs such as Section 8 New Construction and Substantial Rehabilitation have ended, and been replaced by the HOME block grant. HUD continues to play an important role in providing block grant funds (under both HOME and CDBG), rental assistance (directly to tenants in the form of Section 8 Certificates and Vouchers, or to project owners), operating subsidies and maintenance and modernization funds to Public Housing Authorities, Emergency Shelter Grants, and several other programs. The USDA continues to play a role in directly subsidizing rental housing production, through the Section 515 program.

State governments have played an increasingly important role over the past decade and a half as the federal role has been cut back and states acquire administrative, oversight and policy making responsibilities once centralized in the federal government. States administer two block grant funds, HOME and CDBG. CDBG funds can be used for housing, along with several other purposes; typically, they are used in smaller communities that do not receive their own CDBG allocation. HOME funds must be used for housing, and can also be used in communities that receive their own HOME allocation. In 1987 states acquired a new role as the administrators and overseers of the Low Income Housing Tax Credit, a federal tax benefit provided to investors in low income rental housing. Federally tax exempt bonds issued by the state provide additional funding for rental housing development. Like most states, Iowa directs other revenues toward housing, in the form of the Housing Assistance Fund (HAF) and Local Housing Assistance Program (LHAP). HUD has provided funds through the HIRE (Helping Iowa's Rural Economy) program since 1998. These funds are used for new construction, rehabilitation, down payment assistance and other purposes; they are administered by IFA. IFA also administers a down payment and closing costs grant fund, IHAP, which combines funding from HUD and the Federal Home Loan Bank Board's Affordable Housing Program. State administered funds account for the bulk of housing produced (through new construction or rehabilitation) during the past decade and a half.

Federal regulations require that CDBG and HOME funds be used primarily for low and very low income households. Iowa has more flexibility with programs financed by state resources. Table 3.1 shows how three types of housing subsidies (CDBG, HOME, and LHAP) have been distributed by income category. This information was not available for HAF or HIRE expenditures, or for units subsidized with Low Income Housing Tax Credits. However, tax credits (and housing produced through tax exempt bonds) are provided only for units with rents affordable to households at 60% of median income or less. Lower income targets may be set for individual projects developed through these programs, but most tax credit rents are set at the 60% level.

Table 3.1: Income Targeting by Assistance Program (Percent of Units)

<table>
<tr><th></th><th>CDBG</th><th>HOME</th><th>LHAP[1]</th></tr>
<tr><td>0-30% of median</td><td>18.52</td><td>38.04</td><td>13.8</td></tr>
<tr><td>30% to 50% of median</td><td>31.88</td><td>22.33</td><td>17.3</td></tr>
<tr><td>50% to 60% of median</td><td>18.47</td><td>9.2</td><td rowspan="2">46.73</td></tr>
<tr><td>60% to 80% of median</td><td>26.83</td><td>8.56</td></tr>
<tr><td>over 80% of median</td><td></td><td></td><td>22.11</td></tr>
<tr><td>missing</td><td>4.3</td><td>21.87</td><td></td></tr>
</table>

1. Data are shown for completed, occupied LHAP units, which account for about a third of the total units with LHAP commitments.

- HOME funds are primarily targeted to households under 50% of median income;
- LHAP funds appear to benefit primarily households over 50% of median income.

Table 3.2 shows how nine types of resources administered by state agencies were distributed among three major purposes - new construction, rehabilitation (including acquisition or demolition), and household-based subsidies, such as down payment assistance to home buyers or rental assistance. It includes data on units in the pipeline as well as those completed.

Table 3.2: Distribution of State Housing Resources by Purpose, 1990 to 1999

	New Construction		Rehabilitation		Household-based	
	Units	$000	Units	$000	Units	$000
HOME Block Grant	2,336	41,180	1,690	24,247	1,363	5,042
CDBG Block Grant	0	0	1,707	42,099	1	23
HAF	2,853	9,564	1,433	5,325	263	1,413
LHAP	177	4,240	202	1,893	154	1,435
LIHTC[1]	7,417	38,324	1,955	2,845	N/A	N/A
IHAP					10,702	17,156
HUD Down payment Assistance					1,569	2,502
Tax Exempt Bonds[2]	1,488	48,655				
HIRE[3]	126	815	10	60	182	3,065
Total	14,397	142,778	6,997	76,462	14,234	30,636

Notes:
1. Low Income Housing Tax Credits include units developed since 1987, when the program started. The dollar amount shown is the first year allocation of credits to projects; this is a tax benefit provided to private investors each year for ten years. It is not comparable to the capital subsidies provided (as loans or grants) through the other programs, but does indicate how the State's total credits were allocated.
2. Tax Exempt Bonds provide mortgages for rental housing; the dollar amount shown is the total raised through bond issues, not the subsidy provided by the tax exempt status of the bonds.
3. Several HIRE projects include subsidized construction loans along with down payment assistance and interest rate buy downs to home buyers; because their primary purpose is to help home purchasers they are classified as "household-based", although they do contribute to new construction activity.

Several different sources of funds are often used for larger projects, especially those subsidized with Tax Credits. As far as possible, we eliminated duplication between units provided by tax credit projects and other sources of funds. However, project address data was often missing and it is possible some duplication remains. It is impossible to determine whether smaller scale projects (for instance, to rehabilitate owner-occupied homes) received funds from more than one ource, so there may be duplication in numbers of units. However, data on numbers of units was nissing for several rehabilitation and household subsidy projects, and the total number of units ehabilitated over the decade is likely greater than the numbers shown here.

What can we conclude about how housing resources have been distributed between new onstruction, rehabilitation and household-based subsidies?

- Spending on rehabilitation is exceeded by spending on new construction, even after excluding the amount raised through tax exempt bonds;
- Although fewer units appear to have been rehabilitated than newly constructed, this should be interpreted with caution - missing data for several smaller-scale rehabilitation projects imply the real number of units may be larger;
- CDBG funds are devoted almost exclusively to housing rehabilitation (and associated activities of acquisition, clearance and relocation);
- Tax Credits are allocated primarily to new construction projects rather than acquisition and rehabilitation projects, probably reflecting the small stock of existing multifamily housing in most communities.

One type of purpose to which few state funds have been directed is the provision of upportive services to individuals or households who are not disabled, but who may need ounseling to stabilize their housing situation. Financial literacy counseling to improve household udgeting, counseling to address problems such as poor housekeeping skills or to overcome a bad ent history, are all examples of supportive services that may address a real need. Even if ffordable units are available, some households may be excluded because they are perceived as ifficult tenants. Resolving these problems may be essential to improve their access to available ousing.

We also examined how housing resources have been distributed by tenure - between wners, renters, and homeless households. Some programs are restricted - for instance, Low ncome Housing Tax Credits can only be used for rental housing. Table 3.3 summarizes how esources were distributed by tenure.

Table 3.3: Distribution of State Housing Resources by Tenure, 1990 to 1999

	Owners		Renters		Homeless	
	Units	$000	Units	$000	Units	$000
HOME Block Grant	795	15,163	4,466	53,619	55	761
CDBG Block Grant	1,486	39,335				
HAF	809	3,317	2,929	11,095	816	1,571
LHAP	429	6,583	47	443	57	542
DHS HCBS and MISS[1]			25	23	305	983
LIHTC[2]			7,417	27,286		
IHAP	10,702	17,156				
HUD Down payment Assistance	1,569	2,502				
Tax Exempt Bonds[3]			1,488	48,655		
HIRE	318	3,940				
Total	16,108	87,996	16,372	141,121	1,233	3,857

Notes:
1. The Department of Human Services provides funds through two programs - Home and Community Based Services Rent Subsidy program, and the Mental Illness Special Services fund which provides grants to develop permanent housing for homeless and near homeless individuals with severe mental illness.
2. Low Income Housing Tax Credits include units developed since 1987, when the program started. The dollar amount shown is the first year allocation of credits to projects; this is a tax benefit provided to private investors each year for ten years. It is not comparable to the capital subsidies provided (as loans or grants) through the other programs, but does indicate how the State's total credits were allocated.
3. Tax Exempt Bonds provide funds for mortgages for rental housing; the dollar amount shown is the total raised through bond issues, not the subsidy provided by the tax exempt status.

- Very similar numbers of units have been assisted for owners and renters over time, and the level of subsidies is similar if we exclude the amount raised through tax exempt bonds.
- The majority of units targeted to homeless households assisted under HAF involved minor

renovation and modernization, rather than new production or major rehabilitation.

In addition to the units shown here, other supports are provided to projects serving the homeless. The combined total available for counties that are not part of a consortium receiving their own allocation from HUD's Emergency Shelter Grant (ESG) program and the state's HSOG program was $2.68m in 1999. These funds are used primarily to provide ongoing operating support for shelters. In 2000, the combined funds available will be $2.3m. Requests for continuing support and support for new projects exceed the funds available each year, at $4.5m in 1999 and a projected $4.7m in 2000. As support must be provided to shelters that have long-term service contracts, this means that very little funding is available for new or expanded shelters. A point-in-time count during two weeks (April 25 to May 8) in 1999 identified 4,092 individuals who were homeless. The state has a total of 2,422 beds in emergency shelters, and 725 units of transitional housing. Shelter beds and transitional housing units are concentrated in metropolitan areas, although there are homeless households throughout Iowa. During the 1999/2000 fiscal year, emergency assistance was also provided (by a combination of DHS and county funds) to 6,604 near-homeless or homeless households to cover housing expenses. Typically, emergency assistance funds run out quite early in the fiscal year. While increasing funds for emergency shelters is only a stop-gap solution, there appears to be a shortfall in the resources available, one that is especially severe in non-metropolitan counties.

In addition to the resources administered by the State over the 1990s, Iowa has a stock of assisted units produced under various federal programs. Table 3.4 summarizes this housing stock by major program category, and includes the number of units produced by state administered programs to show the total number of assisted units available in 1999.

Table 3.4: Iowa's Subsidized Housing Stock by Assistance Program, 1999

Program	Units	Percent of Assisted Stock
HUD Programs:		
Public Housing	4,685	5.8
Section 8 New Construction/ Substantial Rehabilitation	11,645	14.5
Section 236	3,133	3.9
Other HUD-subsidized (e.g., Section 202, 221(d)(3))	1,626	2.0
Section 8 Moderate Rehabilitation	511	0.6
Section 8 Certificates and Vouchers	13,671	17.0
USDA Programs:		
Section 515 Elderly Housing	9,042	11.3
Section 515 Family Housing	3,503	4.4
State-administered Programs:		
Owner-occupied	16,108	20.1
Renter-occupied	16,347	20.4
Total Units	80,271	

A significant share of the state's assisted housing stock was produced under federal programs during earlier decades. Preserving the stock of publically subsidized, privately owned units will pose challenges over the next decade. The initial assistance contracts gave owners the right to prepay their subsidized mortgages and end low income use after a period of years (the exact period differs by project). Many units in these programs also rely on Section 8 project-based rental assistance. For a variety of reasons, the federal government has decided not to renew rental assistance contracts automatically as they expire. Assistance to projects with above-market rents will be reduced; owners can choose whether to restructure their debt on the property, or to opt out of the Section 8 assistance program. If owners opt-out, tenants receive vouchers, but may need to increase their spending on rent because vouchers do not necessarily cover the rents an owner decides to charge. Although recent legislation has addressed this problem, tenants of projects that opted out before the legislation was passed this year will still face affordability problems. Most affected tenants are now paying well over 30% of their income for what is now market rate housing, according to a recent analysis of impacts prepared by the Iowa Coalition for Housing and the Homeless. Throughout the state, 381 subsidized units have been lost through this process. A total of 290 units will be affected by opt-outs in progress, and a further 221 units are in projects where owners have indicated their intention to opt-out. Many of the units lost are designated for elderly tenants, who may find it especially difficult to find suitable alternative housing.

Expiring low income use restrictions may also affect portions of the USDA subsidized stock, and tax credit projects. Projects accounting for a total of 471 units developed with USDA assistance had prepaid their loans by September 1999. A further 322 units could be affected by prepayments in progress. Projects developed in the early years of the LIHTC program will begin to be released from the low rent restrictions beginning in 2002. Over the next few years, Iowa could lose a substantial portion of its assisted housing stock, especially in communities with a tight market for rental units. Projects in good condition in locations where there is a demand for rental housing are prime candidates for conversion to market rates.

A second important issue is the extent to which the assisted housing stock serves the population it is intended to. Subsidized units that are located far from employment and service centers may not meet needs, especially for households without transportation. As Iowa's population has moved from smaller rural areas to larger urban areas, some of the assisted stock may have become obsolete. A comparison of the vacancy rates in assisted housing supports this argument, but the problem is more severe for some types of housing. Public housing projects have a state-wide vacancy rate of 6.2%. Vacancy rates are much lower for housing developed under the Section 8 New Construction and Substantial Rehabilitation program, at 1.7%. However, rental projects developed with USDA Section 515 subsidies have an average state-wide vacancy rate of 9.8%. Several counties have vacancy rates in USDA projects of well over 20%. Vacancy rates this high suggest that at least some of the assisted stock has become obsolete. They also pose long-term financial problems for the programs.

Although vacancy rates are not available for tax credit projects, anecdotal evidence suggests that at least some have high vacancy rates. Here, the problem may also be that there is an over supply of unsubsidized units with rents much lower than tax credit rents (which are set at a level affordable to households at 60% of median income). Most renters outside of metropolitan areas at these income levels have decent affordable housing available. For somewhat different reasons, some tax credit projects may also be poorly targeted to housing needs.

Several conclusions can be drawn about the composition of Iowa's assisted housing stock:

- State-administered programs have significantly increased the supply of assisted housing over the past decade - they account for 40% of housing assistance;
- A significant share of the housing stock, developed under several different programs, may be lost as low income use restrictions expire. Losses are likely to be concentrated in areas with higher priced housing markets;
- High vacancy rates in some assisted projects, particularly those in smaller more rural counties, suggest that at least some units do not meet the needs that exist, either because of location or because of their relatively high rents in declining housing markets.

The federally subsidized units shown here are primarily rental units. Both HUD and the USDA also provide assistance to home owners, through subsidized loan guarantees (Section 502 loans) and through mortgage insurance that may or may not be subsidized (the various Federal Housing Administration single family programs). The state also administers two programs aimed at low income home buyers (Mortgage Credit Certificates and Mortgage Revenue Bonds). These programs are examined in the discussion of financial flows, although portions of them do provide subsidies. Subsidized owner-occupied units developed or assisted under State-administered programs are shown separately in Table 3.4.

One remaining question is how adequately Iowa's assisted housing stock serves special needs populations. Table 3.5 breaks down the stock of assisted housing by whether it is designated for or occupied by the elderly, or for people with disabilities (including developmental disabilities and chronic mental illness). Some housing programs specify which units are designated for the elderly or disabled; for others such as the Section 8 Certificates and Vouchers program, we used information about residents of assisted units (drawn from HUD's database, "Picture of Subsidized Households") to determine the proportion of elderly and disabled recipients. Determining the proportion of elderly and disabled recipients of state-administered units and resources was more difficult; this usually involved interpreting from the description of projects. There was not sufficient information to determine this for CDBG projects, so the numbers of assisted households shown here for the State programs are likely a slight undercount.

Table 3.5: Special Needs Households as a Percentage of Assisted Households

Program	Total Households	Elderly		Disabled	
		Households	Percent	Households	Percent
Public Housing	4,685	3,102	66.2	707	15.1
Other HUD-subsidized	16,654	9,453	56.8	192	1.1
Section 8 Certificates	13,671	4,262	31.2	264	1.9
Mainstream[1]	135			135	100
USDA	12,545	9,042	72.1	N/A	
DHS HCBS	25			25	100
DHS MISS	345			345	100
State-administered	32,455	1,282	4.0	162	0.5

1. The HUD Mainstream program provides Section 8 certificates designated for households with a disabled head of household or spouse.

- A high proportion of Iowa's federally assisted housing stock is designated for or occupied by elderly tenants; overall, 48% of households in HUD properties are elderly, compared to 32% for the nation as a whole.
- According to HUD's Multifamily Tenant Characteristics database, 19% of HUD tenants in Iowa have a non-elderly disabled household head or spouse.

Geographic Distribution of Assisted Housing and Subsidies

The previous discussion focused on the purposes for which housing subsidies are used in Iowa as a whole, and the composition of the assisted stock statewide. We turn now to look at the distribution of the assisted stock and of housing subsidies by county.

Subsidies provided under the HOME, CDBG, HAF, LHAP, IHAP and HIRE programs are not directly comparable to the resources provided by LIHTC allocations of tax credits, because the latter go to investors in return for providing equity for rental projects. Proceeds of tax exempt bonds provide mortgage financing which is repaid; these should not be counted as subsidies. Figure 3.1 shows the distribution of housing resources under the first six programs listed, per capita. Figure 3.2 shows the distribution of Low Income Housing Tax Credits by county, also per capita. The two maps provide a way of identifying concentrations of resources.

- Most metropolitan counties receive a relatively small share of housing resources from the direct subsidy programs when we control for population, as we would expect given that all metro counties receive their own allocation of CDBG funds, and six cities or consortia receive allocations of HOME funds;
- One in five counties has made no use of tax credits since the program's inception; many of these are in the Southern and Western parts of the state.

Figure 3.1: Housing Subsidies Per Capita, 1990 to 1999

more than \$100	(24)
\$50 to \$100	(24)
\$25 to \$50	(33)
less than \$25	(18)

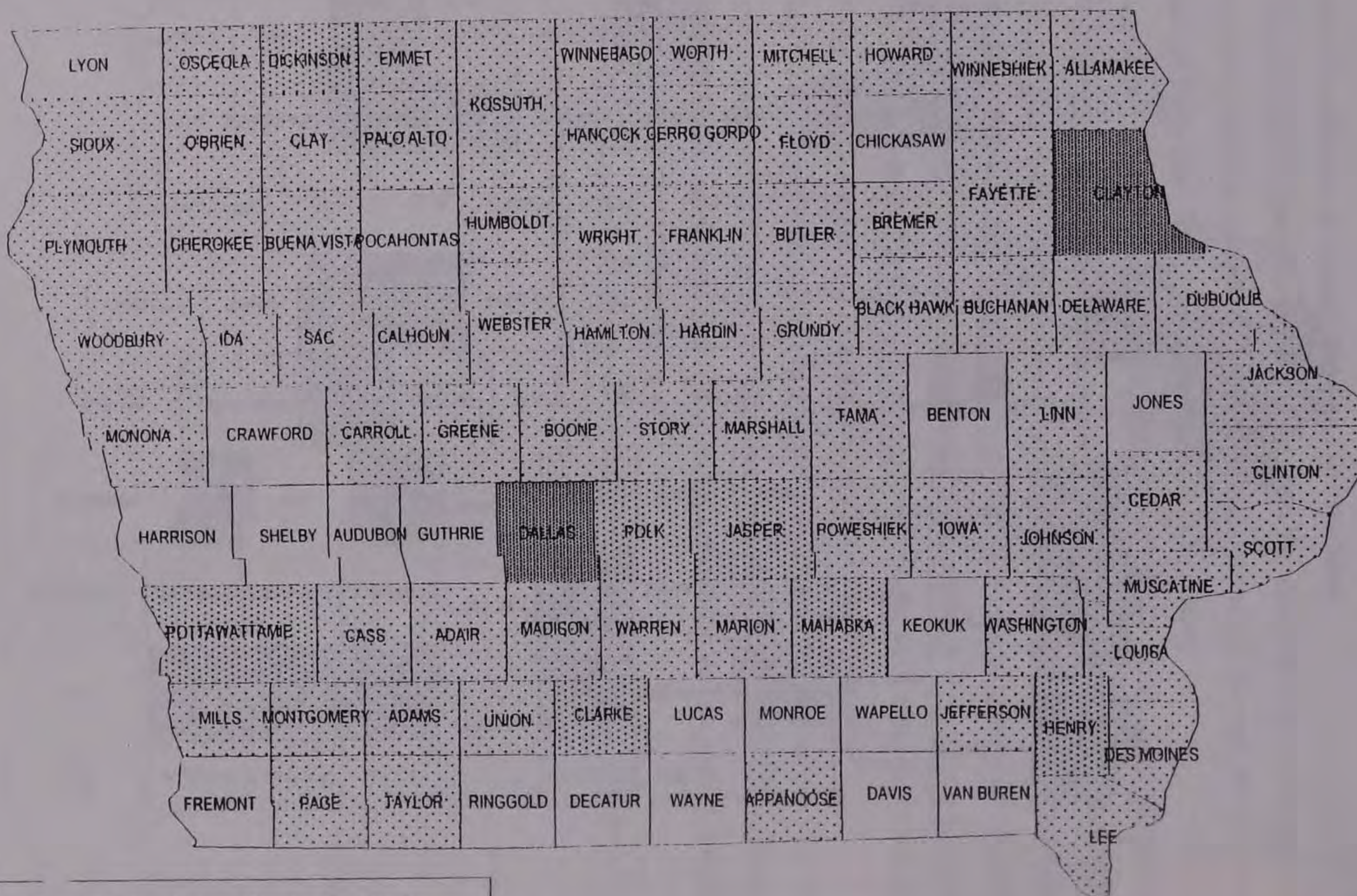

Figure 3.2: Low Income Housing Tax Credit
Allocations Per Capita, 1987 to 1999

- more than $50 (2)
- $25 to $50 (7)
- less than $25 (70)
- none allocated (20)

The distribution of all assisted units differs from the distribution of resources over the past decade. It includes numbers of units subsidized under all the federal programs shown in Table 3.4, plus units developed under the nine State-administered programs shown in Tables 3.2 and 3.3. Units are shown for every 100 residents, to control for county size. Figure 3.3 shows how Iowa's assisted housing stock is distributed geographically.

HOUSING FINANCE

Housing subsidies are important resources for extremely low income households who cannot compete in the market for decent housing. However, subsidies serve only a small proportion of the low income population of the state. Access to affordably priced mortgages is a key to expanding home ownership for individuals, and for ensuring a stable property market for communities. For many households that may be able to afford monthly mortgage payments, assistance may still be needed with down payment and closing costs. Access to home improvement loans is also crucial given the proportion of owner-occupied units (and units available for purchase) likely to be in need of substantial or even moderate rehabilitation. How adequately does the housing finance system in the state serve the needs of low and very low income home buyers? This section of the study examines access to different types of mortgages throughout the state. We focus on 1998, the most recent year for which data is available.

Mortgages are provided in the primary market by a variety of private and public institutions, they may be insured or guaranteed by a variety of private and public organizations, and they may be sold on the secondary market through private, quasi-public and public organizations. We examined the market shares of each of the financing institutions for which data was available. Market shares indicate the extent to which each type of finance provider serves a local area. For instance, if most mortgages are government-insured or subsidized, this may indicate a lack of access to conventional mortgages. A smaller than average share of government loans may suggest that eligibility standards eliminate many homes (either because of price or condition). If a smaller than average share of mortgages are purchased by the GSEs (Fannie Mae and Freddie Mac) this may show lack of access to the most competitively priced mortgages. Underwriting standards may be too rigorous for housing conditions (or home buyers) in a

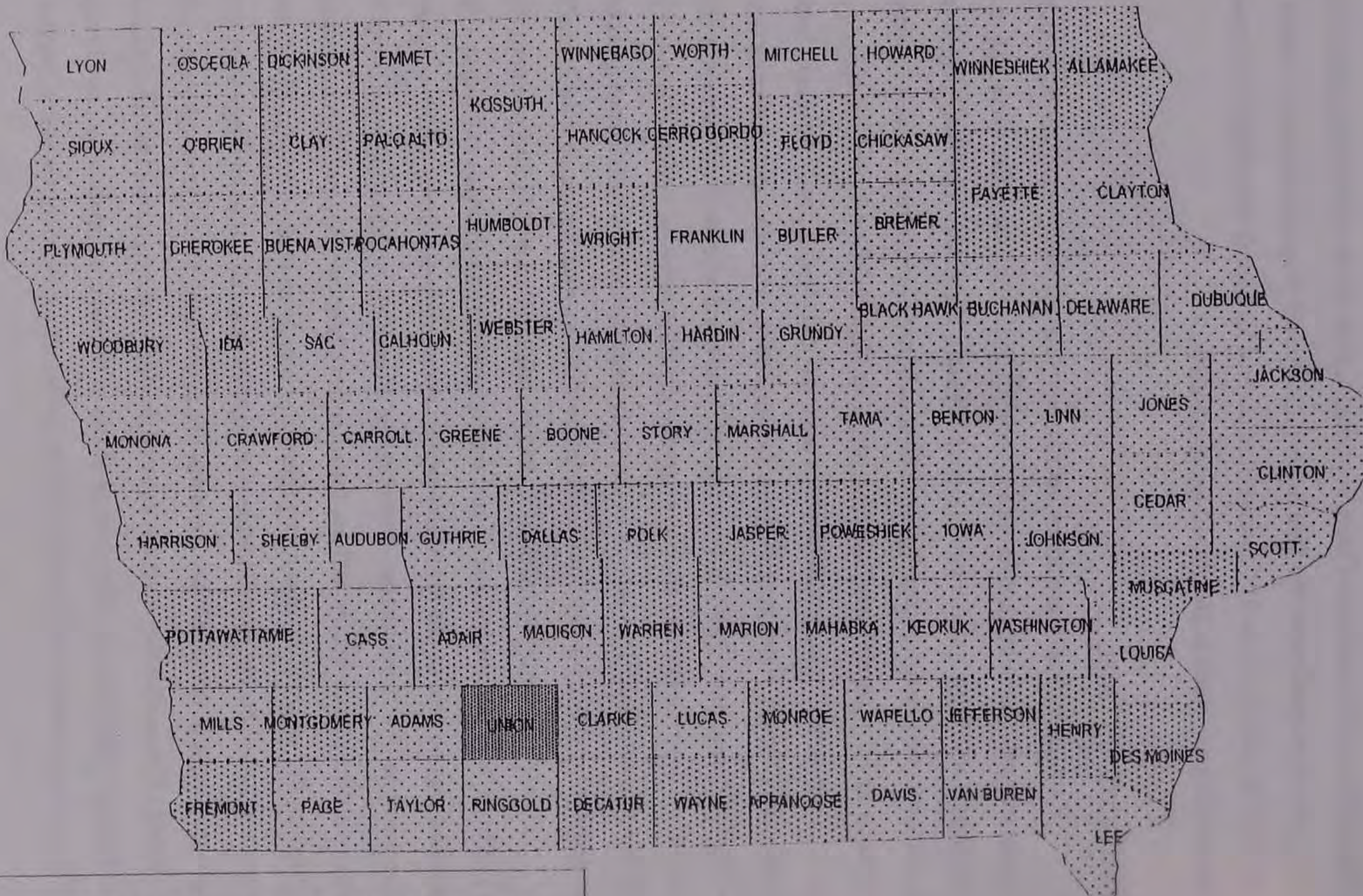

Figure 3.3: Assisted Housing units Per 100 Residents, 1999

community. Local banks may not make use of the GSEs to purchase the loans they make. There is some evidence that loans in non-metro areas are more likely to be for nonstandard periods or made on nonstandard terms, which makes them difficult to securitize.

One type of financing not examined here is for manufactured homes. Typically, dealers would arrange financing for new manufactured homes, but sales of existing units may have to be financed by personal loans, often at much higher interest rates than mortgages would be made at. In general, banks do not originate mortgages on manufactured homes unless they are classified as real estate - that is, are fixed permanently to a foundation on land to which the home owner has permanent rights. The GSEs do not purchase manufactured home loans unless they meet these criteria.

We investigate two questions here:

- How does market share differ between government-insured and subsidized providers, conventional mortgage providers, and the GSEs that purchase mortgages?
- Do loan denial rates suggest that home owners have greater problems financing a home purchase or home improvements in some communities?

Home Mortgage Disclosure Act (HMDA) data covers lenders based in metropolitan areas; although they originate an increasing share of mortgages in non-metropolitan areas, this data covers only a portion of the non-metropolitan market. We estimated the size of the primary mortgage market, based on the numbers of residential sales recorded in each county by County Tax Assessors. Sales examined for Sales Ratio Studies include only arms-length transactions (that is, they would exclude bankruptcy or estate sales, sales between family members and so on). They apply only to units classified as real estate, and would exclude manufactured homes that are not permanently fixed to property. The Iowa Department of Revenue and Finance further distinguishes deed sales from contract sales (where the seller may hold the deed until the purchaser has satisfied the contract). Another problem with using this estimate is that sales data are collected by fiscal year, while most sources of data on mortgages originated, purchased or insured report them by calender year. So, we cannot expect a precise match, but sales may provide a rough estimate of the number of mortgages originated.

How does market share differ among providers of finance?

We used data from a variety of sources to answer this question. The Iowa offices of HUD and USDA provided data on the number of loans insured or guaranteed through the FHA and Section 502 programs for each county. HMDA data shows the extent to which metropolitan-based lenders (banks, savings and loans, and mortgage brokers) serve non-metro areas. A further source of data is the GSE Public Use Database maintained by HUD, which includes the characteristics of every loan purchased by the GSEs throughout the state.

A variety of other resources provide specialized services or loan products, in addition to the mortgage insurance or guarantees shown here. The previous section included data about down payment and closing cost assistance programs to lower-income home buyers. HUD currently funds five Home Counseling Agencies that offer default, foreclosure, rental and prepurchase counseling. In addition to FHA insured loans, HUD also guarantees a small number of 203k rehabilitation loans (providing a single mortgage to cover acquisition and rehabilitation costs) and a small number of Home Equity Conversion Mortgages (HECM, or reverse mortgages) that provide elderly home owners with resources to fund repairs or other financial needs. In 1999, these programs originated 10 and 28 loans respectively.

Who makes loans in communities? Table 3.6 shows the share of the market for four kinds of communities - metropolitan areas, larger non-metropolitan areas (with an urban population between 20,000 and 50,000), medium-sized non-metropolitan areas (with an urban population between 2,500 and 20,000), and very small rural counties (no urban areas more than 2,500).

Table 3.6: Housing Finance Providers by County Size, 1998

	Metro Areas	Large Non-metro	Medium Non-metro	Rural
Total Deed Sales	18,809	5,124	10,291	1,740
% by HMDA Lenders*	112.9	68.1	59.23	50.05
% government loans	6.9	7.8	7.2	7.5
% GSE loans	61.93	32.69	25.22	22.95
Home Improvement Loans as % HMDA loans	10.29	9.4	11.38	13.57

* Deed Sales are reported by fiscal year; loan data is reported by calender year, which likely accounts for the greater number of loans reported under HMDA in metro areas. This suggests the real share of the non-metro market served by HMDA lenders is smaller than shown here.

- Government-insured or guaranteed loans make up a larger share of the market in non-metropolitan counties of all sizes than in metro areas;
- Metropolitan-based lenders that report to HMDA have smaller market shares as county size declines;
- The GSEs (Fannie Mae and Freddie Mac) have a larger market share in metropolitan areas than they do in non-metro areas. Their share also declines as county size declines;
- Home improvement loans make up a larger share of all loans reported by HMDA lenders as county size declines.

These comparisons suggest that conventional (non-government-insured) financing is less easily available in non-metropolitan than in metro counties. Access to the competitively priced mortgages offered through GSE purchases is also less well-developed in non-metropolitan areas. The variety of factors that could explain this was touched on briefly above. Nevertheless, it seems that more effort could be made to increase the financing resources available from the private sector in non-metropolitan areas. More detailed analysis of barriers and problems would be needed to determine how this could be done. Strategies such as extending the household budget and credit counseling resources available, or making it easier for smaller non-metro banks to sell loans to the GSEs, may be helpful.

Do loan denial rates differ among counties?

Loan denial rates do not necessarily indicate discrimination in lending, but high rates of loan denials do suggest there may be problems with access to housing finance in some communities. A high proportion of applicants may have problems with credit, or a high proportion of loans may not be supported by appraised market value. It is also possible that the metro-based lenders examined here may be less familiar with a community and unwilling to take risks on marginal loan applications there compared with communities they know better. Table 3.7 compares loan applications for home purchase and for home improvement across the four categories of counties. The table also shows the proportion of applicants for each type of loan that were low or very low income, and the percent of applicants in each income category that was denied loans.

Table 3.7: Home Purchase Loans and Home Improvement Loans by County Size, 1998

	Metro Area	Larger Non-metro	Medium Non-metro	Rural
Home Purchase Loan applicants:				
average loan amount	82,000	61,999	58,251	52,652
% applicants denied	14.4	21.9	23.5	28.1
average applicant income	53,900	44,458	43,742	42,805
% Very Low Income applicants	18.5	18.5	13.6	12.3
% VLI applicants denied	33.3	39.9	43.0	41.5
% Low Income applicants	28.0	29.9	29.4	23.1
% LI applicants denied	19.4	25.2	28.3	32.1
Home Improvement Loan Applicants:				
average loan amount	16,090	15,818	16,364	14,739
% applicants denied	24.7	36.6	33.4	34.5
average applicant income	52,160	46,032	45,718	43,937
% Very Low Income applicants	17.8	16.9	11.1	11.7
% VLI applicants denied	42.7	54.5	48.0	46.2
% Low Income applicants	26.1	23.8	23.4	20.7
% LI applicants denied	32.3	41.9	38.1	47.1

- Average home purchase loans decline in size as counties decline in size. However, average applicant incomes do not differ markedly among non-metropolitan counties of different sizes;
- Loan denial rates for home purchase increase sharply as county size decreases. Denial rates differ significantly between metropolitan and non-metropolitan counties;
- The proportion of very low income applicants for both types of loans decline sharply as county size declines. It is possible that very low income home buyers in non-metro areas may be more likely to buy a manufactured home, or to apply for a loan from a small local bank;
- Denial rates for low and very low income applicants for both home purchase and home improvement loans are significantly higher in non-metropolitan than in metropolitan areas. Denial rates for home improvement loans are much higher than for home purchase loans.

How adequately are low and very low income home buyers and owners served? In smaller non-metropolitan counties, far fewer very low income residents apply for either home purchase or home improvement loans; when they do, they are more likely to be rejected than similar buyers in metropolitan counties. Denial rates indicate that a large share of the demand, especially for home improvement loans, is not being met by the private sector lenders that report under HMDA. It is possible this indicates metro-based lenders' lack of familiarity with property markets in smaller, more remote counties. Smaller banks based in local communities may do a better job of meeting this demand, but we have no evidence for how they serve this market. In general, smaller banks in non-metro areas appear to be even more conservative lenders than metro-based banks, so this may not occur. Difficulties in financing home repairs may be a significant constraint in non-metropolitan areas, even for owners between 50 and 80% of median income. Given the large share of low-priced homes that are likely to need moderate to substantial rehabilitation, lack of private sector financing may indicate a significant gap between the resources available and the needs of communities.

An alternative interpretation of loan denial rates is that they indicate the extent to which too much credit is being provided. For lower-income home buyers or owners with unstable incomes, high debt burdens or other factors that could endanger their ability to repay a loan, easier access to credit may increase the risk of default and foreclosure. Nationally, greater attention has been paid to the phenomenon of "predatory lending", where lending institutions market credit aggressively, often at very high prices, to buyers or owners that do not qualify for standard loan terms. While we do not have data for 1999, the trend in denial rates reported through HMDA for the 1990s does not suggest that credit has become more easily available for very low income buyers or owners. Denial rates dropped somewhat in the first half of the decade (as banks became more concerned about income discrimination) but have risen steadily in the last half of the decade even as the economy has improved. Rising denial rates could indicate that more prospective buyers have been encouraged to apply for credit, but do not support the idea that credit has become easier to obtain overall. There may of course be "predatory" lenders originating high-priced loans to those who are denied by other financial institutions, but this is impossible to detect with the data available.

The following section of the report draws together the assessment of housing conditions from Section Two, with this analysis of the resources available for housing. It draws conclusions about how effectively resources meet needs.

SECTION FOUR: CONCLUSIONS

Housing policy has evolved incrementally in the state as Iowa has gradually acquired more responsibilities and as housing needs have changed. Public sector resources are spread amongst several agencies, in distinct programs with different application processes, criteria and purposes. Fragmentation can ensure that specific needs are met, but it can also lead to duplication, omission, and the need to layer several special-purpose subsidies in complex deals. Private sector resources play an important role in meeting housing needs, but may either duplicate government efforts or neglect sectors.

The previous two sections of the study have estimated the volume of need across the state, and summarized the resources that have been used to meet those needs over the past decade. The final section of the study brings these elements together to develop an understanding of how effectively housing programs have responded to need, and to identify gaps. We address three main questions in this section:

- How has the distribution of resources addressed the needs that exist in communities throughout the state?
- What are Iowa's unmet housing needs?
- How should we prioritize those needs?

The final part of this section develops four policy questions to be discussed by the Governor's Task Force on Housing. The opinions expressed here are ours, and may not be agreed to by others. However, we feel these are the important questions to be addressed in an overall evaluation of housing policy.

The Distribution of Resources Compared to Housing Need

How do subsidies match up with the numbers of very low income and extremely low income households in need? Subsidy programs are targeted to different income categories. To the extent possible, we differentiated among subsidies provided to households at different income levels. For example, we assumed that tax credit units would not be affordable to very low income households (but that they would be affordable to eligible households in the low income category), and we accounted for the share of subsidized mortgages originated for each income group to the extent this could be determined.

We analyzed the supply of both decent market rate units and assisted units available to several categories of households. Based on this, we estimated the number of households in each category who are likely to have a housing problem. They may be cost-burdened, or they may live in substandard housing. We also estimated the extent to which the housing stock meets community development needs. Attracting moderate and higher income households is important for economic vitality. In some rapidly growing housing markets, even moderate income households (between 80% and 100% of median income) may face affordability problems. In declining or stagnant housing markets, the supply of more attractive higher priced housing may be a problem. Although middle and upper income households throughout Iowa are unlikely to have affordability problems, they may hesitate to move into a small community if there is little attractive modern housing available.

This section of the study summarizes both the need for decent lower-priced housing (which is likely to need subsidies) and the need for higher quality market rate housing. We present the estimates by county, before summarizing the volume of need for the state as a whole.

Affordability

How adequately are very low income renter and owner households served by the housing stock available? Figure 4.1 shows the volume of need for all renter households with incomes below 50% of the median. The map shows the numbers of extremely or very low income renters who are likely to be living either in substandard housing, or in decent housing with high cost-burdens. In most counties, the problem is likely to be one of housing quality rather than high rents. This highlights the important role played by the reported incidence of substandard housing. If estimates of the proportion of substandard units are inflated, the incidence of housing problems is likely much smaller than shown here. Appendix A presents the results of a sensitivity analysis showing the impact of changing our estimates of the volume of substandard housing. Some counties identified as having households in need also have vacant subsidized units. It is possible that assisted units are in the wrong locations, far from employment and service centers.

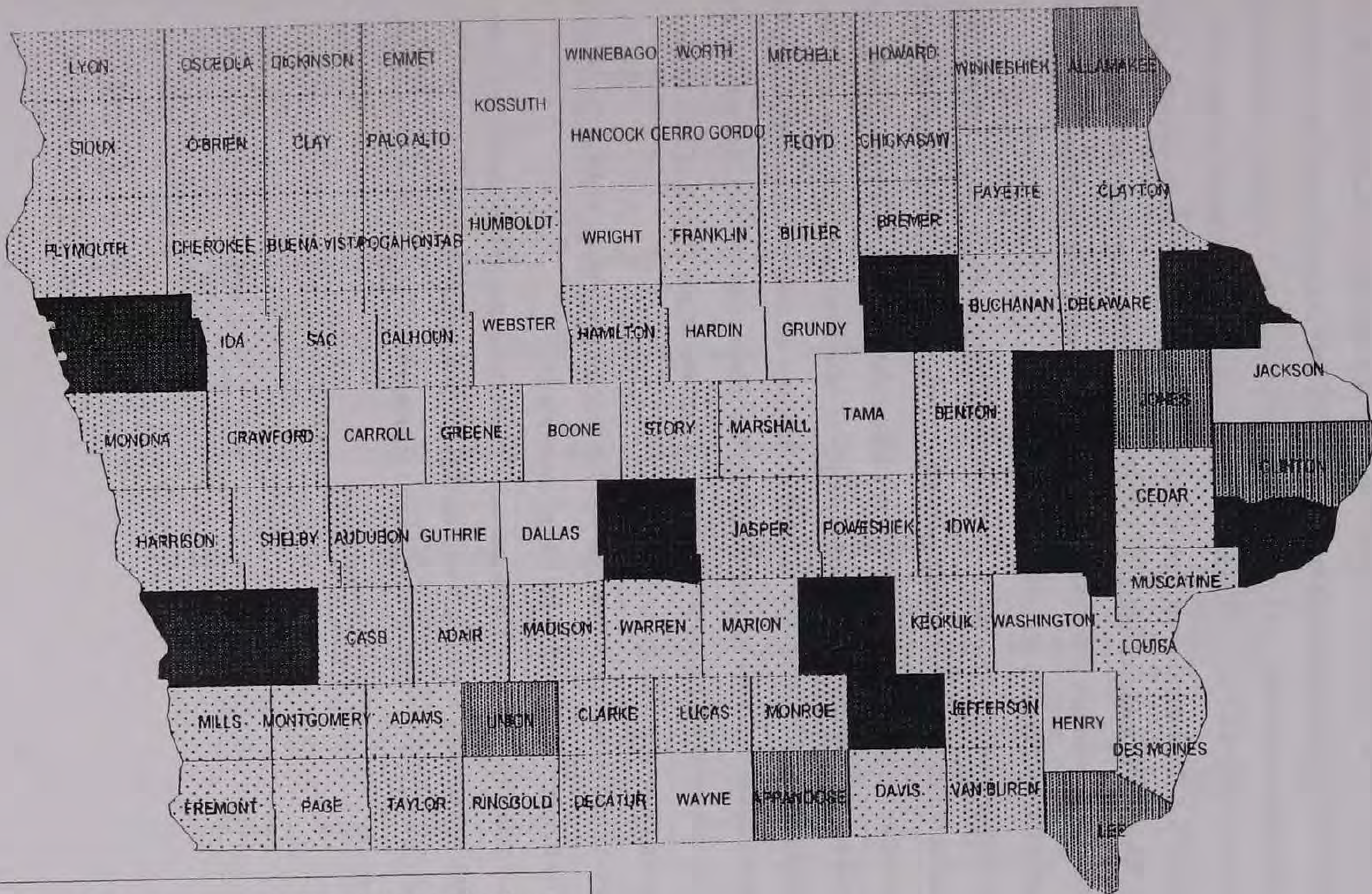

Figure 4.1: Very Low Income Renters with Housing Problems

- more than 1,000 (10)
- 500 to 1,000 (6)
- 100 to 500 (49)
- less than 100 (17)
- none (17)

Housing problems appear to exist in all types of housing markets. While needs tend to be highest in counties with rapidly growing markets, there is a significant volume of need in counties with stagnant or declining markets. As mentioned above, the problem is one of the condition of the stock rather than high prices or an absolute shortage of housing. This raises a dilemma: can rehabilitation be justified where it is unlikely that it will increase the value of the home? If rehabilitation is not economically justified, how do we address the needs of households living in poor quality housing? In counties with high vacancy rates it would obviously be better to provide financial assistance for renters to move to a decent unit. However, in many counties with high vacancy rates, most vacant units are also substandard.

This analysis does not take into account the populations to which subsidized units are targeted. Across the state, proportionately more assisted units are provided for very low income elderly renters than for families. Figure 4.2 shows the number of very low income elderly renters in need. A majority of counties have an ample supply of subsidized elderly housing units. The majority of need is for financial assistance for extremely low income elderly renters, assuming the available decent quality units are suitable for elderly households (for instance, that they are easily accessible). Elderly renters between 30% and 50% of median income are more likely to need rehabilitated units than rental assistance.

Figure 4.3 shows the extent to which very low income non-elderly renters face housing problems. The supply is much tighter for this group of renters.

- Metropolitan counties have the largest number of non-elderly renter households living in substandard housing or paying more than 30% of their income in rent;
- A comparison of Figures 4.1 and 4.3 shows the majority of need is among non-elderly households.

Figure 4.2: Very Low Income Elderly Renters with Housing Problems

- more than 100 (3)
- less than 100 (33)
- none (63)

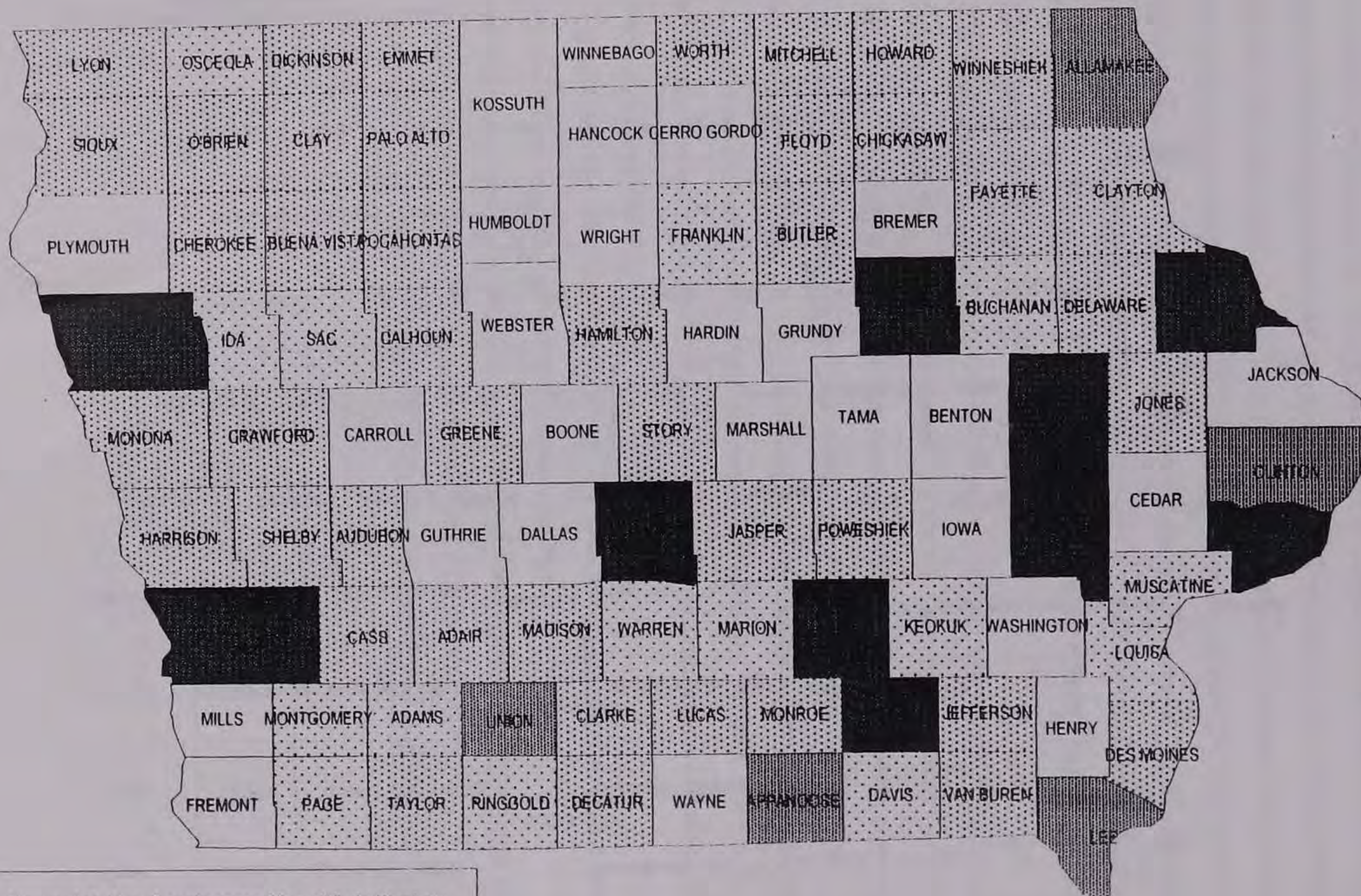

Figure 4.3: Very Low Income Non-elderly Renters with Housing Problems

- more than 1,000 (10)
- 500 to 1,000 (5)
- 100 to 500 (43)
- less than 100 (15)
- none (26)

Very low income owner households make up another group of households in need. Figure 4.4 shows the number of households in this category likely to be living in substandard housing or to be cost-burdened. Needs are more acute in rapidly growing housing markets. However, our analysis does not include the assistance that metropolitan areas could provide in addition to the state and federal resources shown here. Local allocations of HOME and CDBG funds may increase the number of subsidized units beyond those considered here.[2] Some counties with declining housing markets also have home owners with housing problems - as with renters, this is more likely to be due to housing quality rather than high costs. The same caveats about the reliability of data on substandard housing apply here. Many very low income owners may have made an economically rational choice to purchase a manufactured home. This analysis does not consider the affordability problems they may face if they pay a higher interest rate on their home loan.

Low income owners have units affordable to them in most counties. However, in a small number of rapidly growing housing markets (Dickinson, Dubuque, Johnson and Scott counties) low income home buyers do appear to have an affordability problem. In a handful of other counties, lack of decent quality units appears to be a problem for low income home owners. Estimates of low-income owner needs are shown in Table B.4 in the Appendices. This point raises a second issue related to need: how does Iowa's housing stock support the economic development needs of its communities?

Community Development

In rapidly growing housing markets, is there a sufficient supply of moderately priced units to attract and retain entry-level and moderate income employees? In declining or stagnant markets, is there a sufficient supply of higher valued units to attract and retain younger, better paid workers? Figure 4.5 shows the supply of homes within the price range of households earning

[2] This is less likely to be the case for rental housing development, where costs are typically higher per unit and where it is unlikely that local funds alone would be sufficient to subsidize units not already identified through other programs. Most local home owner assistance programs prov'de small rehabilitation subsidies or down payment assistance, so the per unit subsidy cc.ts make it more feasible to subsidize units without other sources of assistance.

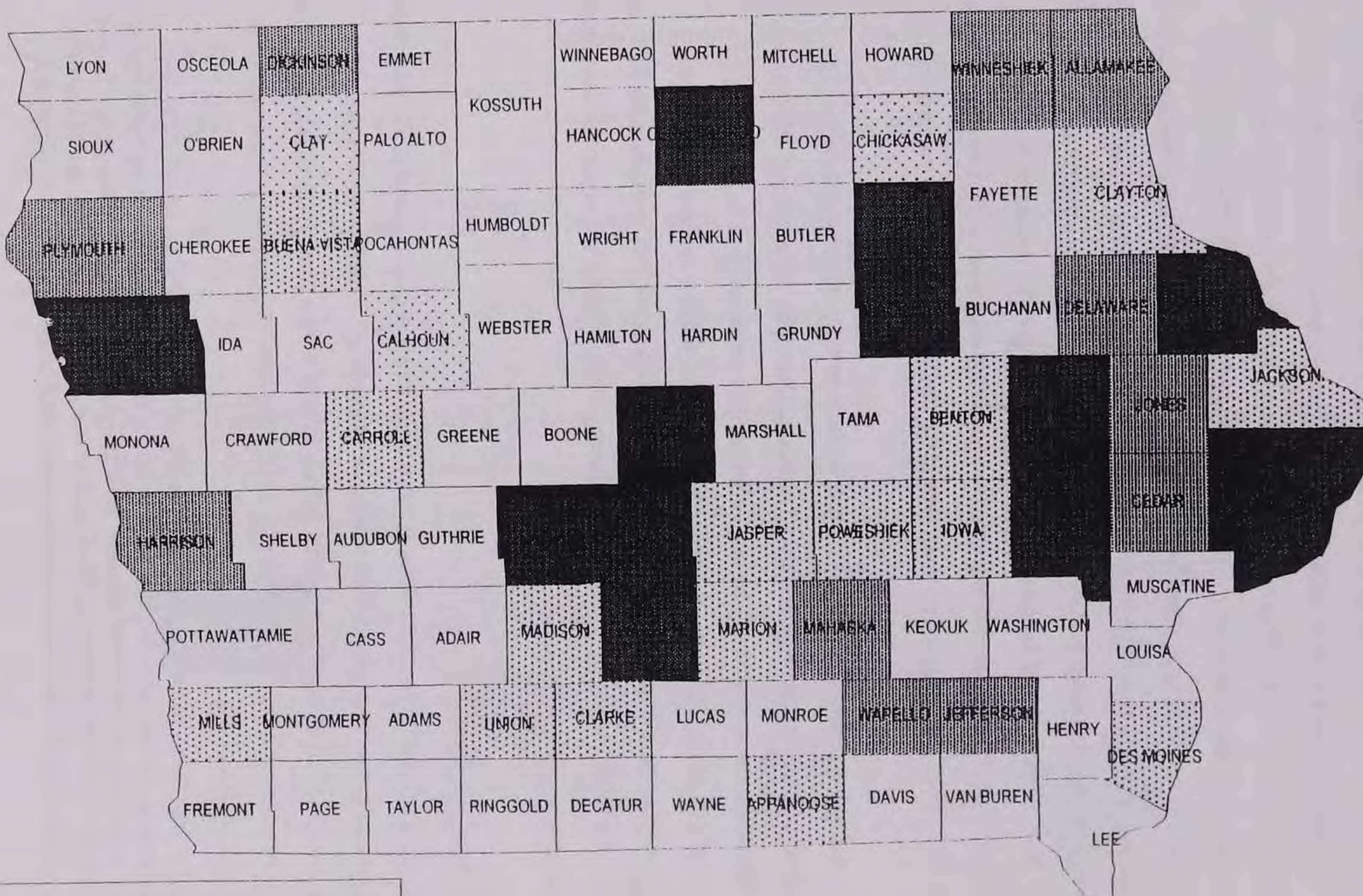

Figure 4.4: Very Low Income Home Owners with Housing Problems

■	more than 1,000	(13)
▥	500 to 1,000	(11)
⁞	100 to 500	(15)
⁚	less than 100	(3)
□	none	(57)

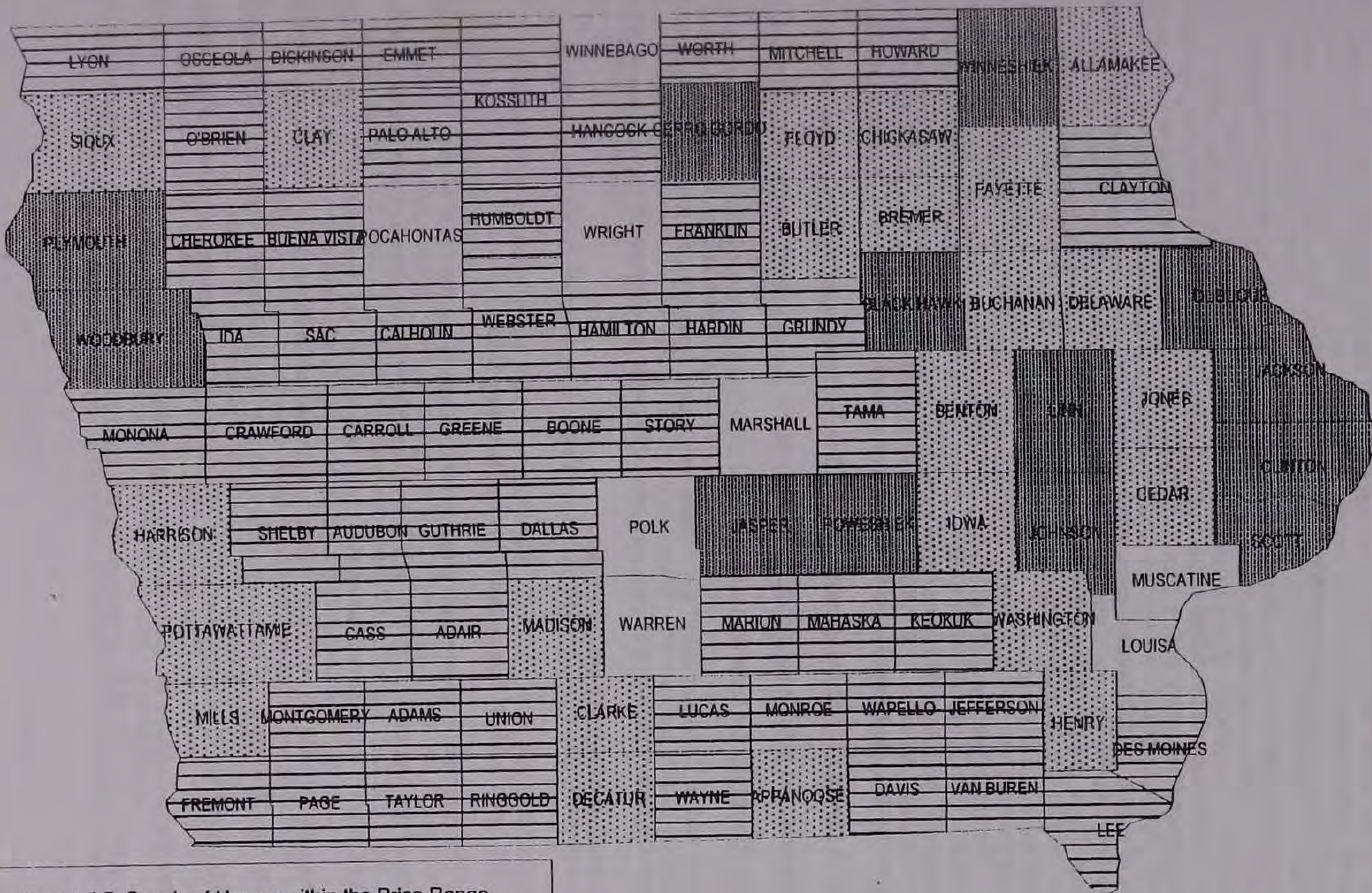

Figure 4.5: Supply of Homes within the Price Range
of Moderate Income Households

- more than 250 surplus (13)
- up to 250 surplus (23)
- up to 250 deficit (55)
- more than 250 deficit (8)

between 80% and 100% of median income.

The majority of counties (63) have a deficit. In counties with stagnant or declining markets, this is due to the very low average price of homes. In rapidly growing markets, a deficit may indicate an affordability problem. Thus, while Dallas, Polk, Story, Guthrie and Dickinson counties have a deficit of moderately priced units, they have a surplus of units priced at levels affordable to households above median income. The other counties with a deficit of moderately-priced homes (and many with a surplus of moderately priced homes) tend to have an even larger deficit of higher priced homes, suggesting the problem is an absolute lack of more luxurious housing. There are two different dynamics at work here - one a problem of affordability, and one a problem of lack of development.

The county-wide analyses shown here do not capture variation that may exist among communities. A county with an overall surplus of moderately priced homes may contain communities that experience shortages. Housing markets operate at a finer spatial scale than the county. A moderately priced home located 25 miles from employment centers may not meet the housing needs of people employed in those centers. As explained earlier in this report, this analysis should not be seen as a substitute for detailed analyses of individual communities. The estimates and projections used here cannot be broken down by community. Local knowledge, and up-dated Census data (when it becomes available) will provide much more reliable estimates of needs within individual communities.

What are Iowa's Most Important Unmet Housing Needs?

The discussion above has raised several issues about the level of provision and the targeting of resources. Tables B.3 and B.4 in the Appendices identify each county's level of need, in each of several categories. For each county, we determined the number of households in each income category who do not have access to a decent, affordable home. Again, these estimates are based on local estimates of housing quality, which may be biased. Appendix A presents a sensitivity analysis illustrating the effect of changing our estimates of substandard housing. These estimates are also based on the county, not on community-level analyses. In many counties, decent quality units were available at reasonable prices, although they were too expensive for households in need. For instance, for extremely low income renters, if decent units were available at rents affordable to households below 50% of median income, we assumed that financial assistance alone would be sufficient. If there was a deficit of decent units at affordable rents, we assumed new or rehabilitated units would be needed. For very low income home owners, if decent units were available at prices affordable to households below 80% of median income, we assumed that financial assistance alone would be sufficient. If there was a deficit of decent owner units at prices affordable to low income households, we assumed new or rehabilitated units would be needed.

We also examined the unmet needs of low and moderate income home owners (those between 50% and 80%, and 80% to 100% of the median). As we pointed out earlier, moderate income households may have affordability problems in a few counties, but in many counties there is simply a shortage of moderately- or higher-priced units that may be needed to attract higher income households. Community development needs are dealt with separate from affordability needs.

Needs Related to Affordability

1. Unmet Needs Among Extremely Low Income Renters

- In the state as a whole, 47,298 non-elderly extremely low income households have a housing problem;
- Given the supply of decent rental units in each county with housing problems, the majority of non-elderly extremely low income renters (39,223) could use rental assistance to move to a decent quality unit;
- 8,074 non-elderly renters with housing problems live in counties with too few decent units with reasonable rents for rental assistance to help. We estimate that their housing problems could only be solved by rehabilitating existing substandard units;
- Given the ample supply of subsidized elderly housing in most communities, a total of only 1,378 elderly extremely low income renters have a housing problem;
- Of these, rental assistance would help 1,262 renters with problems move to the decent homes available in their county (assuming the units were appropriate);
- 116 elderly renters with housing problems live in counties with too few decent units with

reasonable rents for rental assistance to help. We estimate that their housing problems could only be solved by rehabilitating existing substandard units.

2. Unmet Needs Among Very Low Income Renters

- Needs are much less acute for renters in this income category. A total of 2,194 non-elderly very low income renters are estimated to have housing problems;
- Of non-elderly very low income renters, only 43 live in counties where rental assistance would help them move to an available decent quality unit. The majority (2,151) live in counties where no decent reasonably priced units are available - this group's needs would have to be met by rehabilitating substandard housing;
- Among elderly very low income renters, we estimate that 428 have a housing problem; all of these live in counties where no decent reasonably priced units are available, so all would need a new or rehabilitated unit.

3. Unmet Needs Among Extremely and Very Low Income Home Owners

- We estimate that a total of 54,335 home owners with incomes below 50% of median have a housing problem;
- Of these, 32,055 households live in counties where decent, reasonably priced units would be available. Financial assistance would be needed to reduce their cost burdens;
- The remaining 22,279 very low income owners live in counties without decent, reasonably priced units available. Their needs should be met by rehabilitating substandard housing or constructing new units.

4. Unmet Needs Among Low and Moderate Income Home Owners

- We estimate a total of 8,207 low income, and 1,441 moderate income home owners, have housing problems;
- Among low income owners, 7,707 live in counties with decent reasonably priced units available. Financial assistance would be needed to resolve their housing problems;
- A furth r 500 low income owners, and all 1,441 moderate income owners, live in counties

where decent reasonably priced units are not available. To resolve their housing problems, substandard housing would have to be rehabilitated or new units constructed.

Needs Related to Community Development

Estimating unmet needs for housing to support community development is more complex than estimating unmet needs for those with housing problems. As we pointed out above, higher income households do not have affordability problems, and many higher income households may be satisfied with lower priced housing than they could afford if they spent 30% of their income. Thus, it is very difficult to quantify unmet need - especially in counties with depressed housing markets, where the cost of new construction of a luxury home or preservation of an older historic home may not be justified by the appraised value of the home. In the majority of non-metropolitan counties, there is a substantial shortfall of units in the price range of higher income households. The shortfall is especially large in counties with declining or stagnant housing markets. However, we cannot assume that new construction or preservation to fill the entire shortfall would be economically justified.

We approached these estimates somewhat differently than the affordability estimates. Instead of calculating the shortfall, we calculated the number of units that would have to be built in counties with depressed housing markets to provide the state-wide average proportion of new units. On average, counties across the state have nearly 13% of units built since 1980. Most counties with declining or stagnant state housing markets have smaller proportions of units built since 1980. We calculated the shortfall of units that would have to be built or modernized to bring the share of new units in depressed markets up to this average. We assumed that this would be sufficient to increase the attractiveness of the housing stock in counties with depressed markets. Not all units would have to be new construction; preservation and modernization of older historic homes may also increase the attractiveness of the housing stock.

- In counties with housing markets classified as "declining", we estimate there is a shortfall of 6,143 higher priced new or modernized units (in the price range of households earning more than the median income). Either new construction or substantial rehabilitation of existing homes could contribute to expanding the supply of better quality housing;

- In counties with housing markets classified as "stagnant", we estimate there is a shortfall of 6,385 higher priced new or modernized units (in the price range of households earning more than the median income). Either new construction or substantial rehabilitation of existing homes could contribute to expanding the supply of better quality housing.

There is a need for new market-rate housing in many counties with rapidly growing and stable housing markets. We do not attempt to estimate this volume of need here. Even counties with rapid growth may have sub-markets (for instance, inner city neighborhoods) where market forces do not work adequately. Needs in these communities and neighborhoods should be estimated using detailed local-level analyses.

What volume of resources would fill all unmet needs in the state?

Estimating the volume of public and private sector resources that would meet these needs requires us to make several assumptions about average costs and subsidies. For rehabilitating substandard owner-occupied homes or rental units, we estimated total rehabilitation costs of $20,000 per unit. The average subsidy per newly constructed unit reported from all State sources was $6,000. It is impossible to calculate the cost of the subsidy for rehabilitated units because of missing data on unit numbers, but we assumed the subsidy would be the same. More efficient ways of using subsidies to leverage private financing could reduce the subsidy costs below this figure.

- To meet the needs of renters and homeowners estimated as having housing problems that could only be met by rehabilitating substandard housing, we estimate a capital subsidy of $210 million (assuming each unit would need a $6,000 subsidy). Of this, $64.6 million would be needed for rental rehabilitation, and $145.3 million would be needed for owner-occupied rehabilitation.
- The total volume of private and public sector funds required to rehabilitate these units would be $699.8 million (assuming an average rehabilitation cost of $20,000). Of this, $215.4 million would be needed to rehabilitate rental housing, and $484.4 million would be needed for owner occupied units.

For the rental assistance subsidies required to make existing higher priced units affordable, we calculated the annual difference between rents affordable to extremely low income renters, and rents affordable to those at 50% of median (the vast majority of renters in need earn less than 30% of median). This came to an average of $2,532 annually per household. Questions may be raised about the cost effectiveness of providing annual rent supplements rather than subsidizing the rehabilitation of a unit that would provide decent housing permanently, but we assumed rental assistance would be used where possible.

- Providing rental assistance to enable every household in need to move to available decent housing where this is possible, would amount to $102.6 million annually.

We did not have any information about the amount of subsidy provided by subsidized loans, but we were able to calculate an average down payment and closing cost subsidy ($3,150). We assumed that this level of subsidy would enable low and very low income home owners in need of financial assistance to move to decent units where these are available.

- Providing financial assistance to low and very low income home owners to enable them to move to available decent quality units would require a total subsidy of $125.2 million.

The total cost of new construction that would be attractive to higher-income households was calculated as the average price of new single family construction in the state - $119,478. We assumed that half of the need would be satisfied by new construction at this average price, and that half might be satisfied by substantial rehabilitation and restoration of the existing older housing stock. We estimated that preservation of historic homes to an attractive level would be twice the price of substantial rehabilitation - $40,000. It is unclear how much subsidy would be needed to construct higher valued homes in counties with depressed housing markets. We can estimate the total costs of this investment, but we cannot tell how many public dollars would be needed to leverage these funds.

- In declining housing markets, a *total investment* of $488.4 million would be needed to meet the identified needs for higher-priced housing;
- In stagnant housing markets, a *total investment* of $507.6 million would be needed to meet the identified needs for higher-priced housing.

These are overwhelming numbers. Community and neighborhood level needs would add to these estimates of investment needed. The bulk of the total cost estimates is accounted for by the need for new construction and preservation for moderate to upper income households in stagnant or declining markets. It is unclear what level of public sector funds would be needed to leverage this volume of investment. In addition to the needs identified here, market rate construction may be needed in most counties with tight housing markets. The extent to which the market alone would be capable of meeting these needs would vary depending on local conditions.

Subsidy needs for low and very low income owner and renter households with affordability and housing quality problems are also substantial. Throughout the nation, the gap between incomes and housing costs poses apparently insurmountable problems. How can we best allocate limited resources? This is the central question in any discussion of housing policy.

Prioritizing Housing Needs

Choosing the appropriate criteria to guide priorities involves complex decisions about values. There are various ways of defining the choice:

- What is the most cost-effective way to use public sector resources?
  - What type of program would leverage the most private sector contributions to stretch public dollars further?
  - What type of program would have the greatest impact on need?
- What is the most equitable way to use public sector resources?
  - Whose needs are most acute - who is worst off?
  - How could resources be spread equally (proportionately) among different needs?

Ideally, we would probably choose to satisfy all these criteria. In practice, we need to reach a workable balance among the criteria. It is probably not good policy to pursue only one goal to the exclusion of all others. Choosing to fund only programs that leverage the most private resources may lead us to neglect acute housing needs entirely. Similarly, designing programs to focus only on acute needs may use resources very inefficiently.

We would recommend the following target groups on the basis of the analysis presented here:

- Among very low income and especially extremely low income renters, non-elderly households' needs have been relatively neglected. Iowa's homeless population is almost entirely non-elderly. Among the homeless population, single parent families with young children account for the largest group of individuals. The lack of affordable housing is a primary cause of homelessness. Even full-time employment at just above minimum wages would leave most of these households in the extremely low income category. Housing assistance for extremely low income families should be a priority need in our opinion.

- For disabled individuals who are already receiving supportive services, housing assistance could improve their ability to live outside of an institutional or group home setting.
- Very low income homeowners are also in need of assistance. In many communities, home ownership is the only realistic option for many. However, given the lack of decent affordable units in many communities, very low income owners are likely to live in poor quality conventional housing or in manufactured homes, often on rented lots. Both groups are extremely vulnerable - an unexpected repair need, or eviction from a rented lot, may leave them homeless. Housing assistance for very low income home owners living in substandard housing, and better support for owners of manufactured homes, should be a priority need.
- Low and moderate income home owners may need assistance in rapidly growing housing markets, both with financing a purchase and with financing home improvements.
- Counties with stagnant or declining property markets are likely to need assistance providing higher quality housing. The risks of speculative new construction or preservation may be too high to attract private sector investment. Public investment may be needed to leverage private sector funds.

Designing programs to serve targeted households and communities requires creativity to ensure that resources are used as efficiently as possible. Several principles could guide this process:

- Maximizing the funds available from the private sector will stretch subsidies further. Employer contributions to locally designated housing funds could help make up the gap between low wages and the higher costs of decent housing. A more entrepreneurial approach to attracting philanthropic contributions to a Housing Trust Fund could expand resources. Developing pilot programs with private sector lenders, to increase the volume of home improvement as well as home purchase loans, may be an efficient use of public resources that has not been fully explored. Credit and budget counseling, loan guarantees or other credit enhancements, or interest rate buy-downs, may improve the ability of the private financial sector to meet needs.

- Private sector investment will be crucial to meet the needs of moderate to upper income households, and the communities which hope to attract higher income residents. Continuing current incentives for the preservation and restoration of historic homes, and exploring other types of incentives that may be appropriate for speculative builders of new homes in low-priced markets, may increase the volume of private investment. In communities with sluggish property markets and deficits of higher quality housing, incentives may be needed to jump-start the market. In larger more rapidly growing markets, incentives (especially for new construction) may not be justified - they may have perverse effects in exacerbating urban sprawl and deflecting development from areas in greater need. However, growing communities may need assistance for low and even moderate income households facing affordability problems.
- Less capital-intensive ways of meeting needs should be explored. For some households, non-financial assistance (such as counseling and supportive services) may help break a cycle of vulnerability and improve their access to the housing that is available.
- Maximizing the funds available from the Federal government will stretch state resources further. In particular, it is in Iowa's interests to press for an increase in Section 8 rental assistance, and in Emergency Shelter Grants funds. Changing the incentive structure for developers who use the LIHTC could help reshape the program to better meet needs for rehabilitation, especially for more complex single family rehabilitation projects that would re-use the existing housing stock rather than build new multifamily housing. Providing extra incentives for projects that serve much lower income households than the standard 60% eligibility level would also improve the program's effectiveness.
- Increasing State resources dedicated to housing. Iowa currently ranks 47th among states in spending on housing (according to a survey by *Governing* magazine), although it is among the top 25 industrialized states. Even a modest increase in resources would significantly

improve the state's ability to meet the overwhelming volume of need. Low wages are a primary reason why so many households are in need; housing subsidies should also be seen as a subsidy to employers of low wage workers, rather than only a subsidy to households. Subsidies that fill the affordability gap are essential to increasing the flow of private sector resources - both in the form of financing, and in the form of property owners' investment.

- Streamlining the programs administered by federal, state and local governments could help lower the costs of developing projects. The transaction costs involved in applying for assistance from several different sources, each with separate criteria and different rules, can add to the difficulty and expense of any project. Moving toward a "one-stop shop" at the State level could improve targeting of resources and lower costs. Better integration of public and private sector resources may result. It could also make it easier for new developers (both non-profits and for-profits) to begin serving the specialized subsidized housing market.
- Building development capacity at the local level, especially in smaller communities, could help expand local efforts. In small markets, it is difficult to sustain specialized developers and many communities may not make use of the resources available. Iowa has made several efforts in this direction; providing capacity building and technical assistance aimed at community-based groups is a strategy that will help distribute resources more fairly. Nonprofit organizations play an important role in all aspects of meeting housing needs across the nation, though they account for a relatively small share of housing efforts in Iowa. This capacity could be expanded, especially in smaller non-metropolitan communities.
- Examining regulatory barriers to affordable housing could make it easier to meet some housing needs. For instance, barriers to siting or expanding manufactured housing parks, and the restriction of manufactured homes primarily to parks, make manufactured home owners vulnerable and may limit this option for very low income home buyers. Community opposition to rental housing for families, and lack of land zoned for multifamily housing in many communities, makes it more difficult and expensive for

developers to serve the needs of people employed in those communities. In other states, State government has intervened in local decisions about land use to ensure that communities do not exclude affordable housing. Iowa could play a more proactive role in removing regulatory barriers at the local level.

These are broad-brush recommendations that would require much more detailed program design. However, they all represent ways that Iowa could improve its ability to house its residents.

Questions the Task Force Should Address

These represent our judgement of the key questions any discussion of housing policy should address. They are based on the analysis and conclusions presented in this report, and on our evaluation of the central challenges communities face in providing decent affordable housing for their residents.

1. Distributing Resources

What is the appropriate balance of resources among the housing needs faced by households at different income levels, and by communities?

2. Improving Housing Quality

How should Iowa deal with its primary housing problem - the large number of units in substandard physical condition? Should the state focus on replacement, rehabilitation, or some combination of the two? How should it deal with the dilemma posed by the fact that substantial rehabilitation or new construction may not be justified in some markets?

3. Strengthening Partnerships

How could partnerships among federal, state, and local governments, and the private for-profit and non-profit sectors, be improved and streamlined? How could the contribu ion of each sector be improved, and how could synergies be strengthened?

4. Using Resources More Effectively

How could programs use resources more effectively and efficiently? What role should capital and non-capital subsidies play? How should the problems faced in various programs (for instance, the expiring use problem and the problem of high vacancy rates) be addressed? Is there a role for the state in breaking down regulatory barriers at the local level to ensure that resources are used more effectively?

APPENDIX A: METHODOLOGY AND DATA SOURCES

This appendix provides a detailed description of how we developed the estimates we use as the basis for the assessment of needs. It deals with each section of the report in sequence, outlining the data we used, the assumptions we made, and the methods use to develop estimates.

HOUSING CONDITIONS

Developing Estimates of Housing Demand

We needed to estimate the numbers of owner and renter households by proportion of area median income for each county. We began by using the Census Bureau's estimates of 1999 county population. These estimates are prepared on the basis of the 1990 Census figures, using cohort survival techniques (the number of people in each age group ten years ago is updated into an expected number of people in the next age group now, based on assumptions about death rates and migration rates). Other estimates of population size could be used in their place. However, we believe the Census estimates are the most defensible. Estimates from different sources do not vary widely, and the numbers of households we estimate in each income division would vary only slightly with different base population estimates. However, any method of estimation or projection relies on assumptions about how economic change drives migration, and on assumptions about birth and death rates. The 2000 Census will provide a more accurate picture of the State's population.

Next, we estimated how many households there are in each county. We estimated family and non-family households separately (this was more useful for estimating income distributions of households). We used Census estimates of household size in Iowa in 1999 to allocate the population into households. There are several assumptions made here:

- The proportion of non-family households remains the same as in 1990;
- Household size has changed since 1990 in the same proportion for each type of household;
- Although more than one family may live in a "family" household, we assume that each family represents one unit of demand for a housing unit (that is, although sub-families may

be living doubled-up, they would prefer to live in a separate household unit).

All of these assumptions are debatable. Ethnic and racial change and the aging of the population may invalidate them. However, we cannot estimate in which direction these assumptions *should* change - one cannot make blanket assumptions about how new immigrant households or families are structured, nor about how extended families would choose to care for elderly relatives in the absence of financial constraints. For the purposes of this analysis, and with the appropriate caveats on our overall estimates, we believe these assumptions are a useful working basis for estimates of housing demand.

Our next step was to estimate the proportion of 1999 households that owned their own homes and the proportion that rented. We used homestead exemptions (reported for property tax purposes) for each county to work out how many units were owner occupied. We assumed a similar proportion of mobile homes residents owned their units.

The final step, distributing owner and renter households by income category, entailed several sub-steps. The Census Bureau and HUD prepare annual estimates of median family income, but the most recent estimates of median household income are only available for 1995 (these were released in February 1999). Instead of median household income, we used median family income in 1999 to calculate how much income had increased since 1989. We applied this rate of increase to the distribution of family income categories in 1989. Because non-family median incomes are not estimated in between Census years, we had to assume that median non-family household income had increased by the same proportion between 1989 and 1999 as median family income. We used the same rate of increase then to inflate non-family household income categories to 1999 levels. Families and non-family households were distributed among these categories in the same proportions as they were distributed in 1989. The key assumption here is that income distribution has remained the same in Iowa since 1989. This is imperfect, but is the best basis for an estimate of how many households there were in each income category in 1999.

Once 1999 estimates of households were distributed among 1999 estimates of income categories, our next step was to estimate how owners and renters were distributed among these income categories. Renters on average have much lower incomes than home-owners, so it would not be legitimate to assume they are distributed in the same proportions as all households. For this step, we used estimates of 1999 renter median income developed in a recent report issued by the National Low Income Housing Coalition, *Out of Reach: the gap between housing costs and income of poor people in the United States* (available at http://nlihc.org/oor99/index.html). Cushing Dolbeare, the author of the report, used special census files reporting renter household median income in 1989 to estimate current renter household median incomes. She followed a similar procedure to that used in other steps for this estimate, assuming that renter household incomes represented the same proportion of median family income in 1999 as they did in 1989. It may or may not be true that the distribution of incomes between home-owners and renters has remained constant since 1989, but again we judged this the best basis for an up-dated estimate of income distribution.

We assumed then that exactly half of our estimated number of renter households have incomes below the median for renters. Assumptions about the income distribution of renters above the median are more problematic - although on average renters are poorer, households may rent for a variety of reasons, apart from being unable to afford home ownership. A simplifying assumption then was that the other half of renter households (above the renter median) had income distributions similar to those of all households with incomes above the renter median income cut-off. We calculated the distribution of all households with incomes below the renter median, and distributed exactly half of renter households among these income categories proportionate to the distribution of all households. We did the same with the other half of renter households, distributing them among the higher income categories in identical proportions to those of all households in income categories above the median. This gave us an estimate of the numbers of households in each income category who were renters. We subtracted this number from the number of all households in each income category to obtain the number of owner households in each category.

We now had income distributions for owner and renter households. The final step was to take these Census-based income categories (expressed in 1999 dollars) and convert them into proportions of median income. We wanted to come up with an estimate of how many renter (and owner) households had incomes below 30% of median income, how many between 30% and 50%, and so on - our standard definitions of "extremely low income", "very low income" and so on for the purposes of most housing programs. Where the cut-off points were within Census income categories, we calculated the proportion of households in the category likely to have incomes below the cut-off. Renter and owner households between cut-off points were summed to produce estimates for each county.

Developing Estimates of Housing Supply

For this part of the study, we needed to estimate the numbers of housing units in each county, by whether they were rental or owner-occupied, and how they were distributed by price category. This allowed us to estimate how many units are currently available to households at different proportions of area median income (for example, how many rental units are available to households earning between 50 and 80% of median income?).

We began with the number of year-round housing units reported in the 1990 Census. Up-dating this number required us to take into account several elements of change:

- The number of new units constructed between 1990 and 1999;
- The number of manufactured homes in each county in 1999;
- The number of units demolished or removed from the housing stock between 1990 and 1999;
- The number of units that were severely substandard in 1999, and unsuitable for occupancy.

There are two sources of building permit data available for the first element. The State of Iowa collects data from 49 places, and the US Census Bureau collects permit data from 644 places (although not all of these places report permit activity). The places covered by the State of Iowa are all included in the Census Bureau figures. The Census Bureau accounts for places that do not report by developing estimates of building permit activity to cover missing data periods. These may be based on the Survey of Use of Permits (information on housing starts) or they may be imputations based on the ratio of current year authorizations compared to those a year ago. While the Census data may certainly be flawed because of non-reporting, it is the most complete data available and the imputation process is the best basis we have for estimating how many units were added to the stock over the decade.

The Census provides an annual count of numbers of permits issued in four categories of residential type: one unit (attached or detached), two units, three to four units, and five or more units. Number of units permitted per category is reported separately, as is aggregate value of new construction by category. So, our first step involved adding the numbers of units permitted each year over the decade, by county. One problem here is that units permitted may not be identical to units completed and placed in service. There may be a small margin of over-estimation, which may not be constant across counties.

We obtained numbers of manufactured homes from the Iowa Department of Transportation, which issues tags for each occupied manufactured home that is not classified as "real property" (that is, which is not permanently fixed to a foundation on land where the home owner has at least a semi-permanent right of occupancy. We added the net increase in manufactured homes since 1990 to the total number of units in 1999.

The third step was to estimate how many units were demolished or removed from the stock between 1990 and 1999. Demolition data was collected by the Census Bureau until 1994 and is reported on the long-form printouts of building permits by place, by number of units. We investigated how many units were demolished as a result of natural disasters in the state, and discovered from the Federal Emergency Management Agency (FEMA) that almost all demolitions occurred during 1993 to 1994, and thus would be reflected in the demolition data from the Census. We used average demolition rates for the period before 1993 to calculate the annual average number of units demolished since 1995. We used these averages along with the reported figures to estimate the number of units demolished over the decade. Again, this is only an estimate, and it relies on the assumption that the proportionate volume of demolitions has not changed from the early years of the decade.

The final step was to estimate how many units would be substandard. Census data on substandard housing is very partial (it records only the lack of complete plumbing or overcrowding). The American Housing Survey has a more complete definition but the sample size is too small to draw conclusions below the regional level. Local Housing Needs Assessments often include a windshield survey of the condition of units, reporting the proportion requiring significant rehabilitation ($15,000 to $25,000) and those that would cost more than $25,000 to rehabilitate. These categories are used fairly consistently. We used this last category to define "severely deteriorated" housing. We assumed that although units in the $15,000 to $25,000 category may have substantial rehabilitation needs, they would still be inhabitable and we would count them in the total supply. However, they would be classified as units in need of substantial rehabilitation. Units with rehabilitation needs over $25,000 were assumed to be uninhabitable, and these were excluded from our totals.

For the 55 counties with Needs Assessments we assumed that an identical proportion of units were substandard in 1999 as were substandard in the year the assessment was completed. For counties that had not completed a Needs Assessment, we assumed an average proportion of substandard units. We checked these averages for counties without a countywide Needs Assessment, using studies from a sample of individual communities within those counties. The averages from county-wide studies were slightly higher than those from communities. Overall, 26% of county housing stock required substantial rehabilitation, while 4% was seriously deteriorated; for larger communities within counties, averages were 20% in need of substantial rehabilitation and 3.1% were seriously deteriorated. We would expect a higher proportion of county units to be in worse condition, because this would include units in very small and unincorporated areas. Adding community scores into the averages changed them very little. It is possible that many of these substandard units have been demolished using State funds, but we assumed that these would be demolitions over and above the "normal" rate for the county in the early years of the decade. Whether they have been demolished or remain in very poor condition, they are excluded from our estimate of the inhabitable housing stock.

Because these estimates are based on survey data collected at different times, using survey methods that are inevitably subjective and inconsistent, estimates of substandard housing should be interpreted cautiously. The estimates of unmet needs among very low income households in counties throughout the state may be inflated if our estimates of substandard housing are inflated. We performed a sensitivity analysis to illustrate the impacts of differing estimates of substandard housing. If we assume that estimates of substandard housing are double the actual incidence of substandard housing, our estimate of total unmet need among extremely low income non-elderly renters for instance would be reduced from 47,298 to 13,248. Instead of 73 counties having unmet needs among renters in this group, only 18 counties would have unmet needs. Counties with needs would still be distributed among different types of housing markets; seven are classified as declining, five as stagnant, two as stable growing and four as rapidly growing housing markets. Similarly, our estimates of unmet needs among very low income homeowners would also change, from an overall estimate of 54,335 to 29,545, in 25 counties rather than 42 counties. Changing our estimates about the incidence of substandard housing would not change estimates of need among households with incomes more than 50% of the median, because we assumed that all substandard housing would be low priced.

At this point, we have an estimate of the number of inhabitable housing units by county. It should be noted that we define "housing units" as available for permanent occupancy; seasonal units used as vacation homes, single room occupancy units, shelters or other units intended for temporary or transitional use by homeless people are excluded from the count at this point because they are not part of the permanent housing stock. A later stage of the project that examines the supply of subsidized and other assisted housing for people with special needs incorporates these units into the discussion.

Our next step is to divide these permanent units by tenure. This is inevitably arbitrary, as units currently rented may be sold for owner-occupancy, and vice versa. However, we need a base point for determining how many units are currently available to renters, or owners, in each income category. We assumed that units were distributed proportionate to the owner occupancy rate in each county (calculated from homestead exemptions data). This provides a consistent basis for identifying gaps between household income and units available by price or rent.

On the basis of the estimates of the numbers of rental and owner-occupied units in 1999, we estimated how the units were distributed by price or rent. For owner-occupied units, there were several considerations. The Census variable reporting value of the home is notoriously inaccurate, because many homeowners have an incorrect idea of their home's market value unless it has been sold recently. Data on residential sales is far more accurate, reflecting "market" prices. For instance, Adair County had an average reported home value of $20,806 in the 1990 Census, while the average residential sale in Adair County that year was for $30,376. The sales data is provided in aggregate however, not by categories of price. Residential Sales Assessments for 1990 and

1998 (this is the most recent Sales data available) provided a way to inflate sales prices per county. Inflating the value distribution means we have to take both sets of differences into account - the gap between reported value and market price in 1990, and the gap between market price in 1990 and in 1998. The inflation factor we use for each county includes both components.

This inflation factor was used to inflate the distribution of units by value as reported in the 1990 Census. As with our other attempts to up-date distributions, this method rests on the assumption that the *distribution* of home prices has remained the same between 1990 and 1999. This is probably not the case - in areas with lots of new construction, and in areas with very little new construction or rehabilitation, the distribution of market prices is likely to have changed in ways not reflected in average market price. In some counties it is likely that the average price of units sold has increased more than home values have overall, because buyers have not been found for low-priced units. However, this is the only basis for a consistent comparison among counties.

Rents were inflated separately. These presented a greater problem than home values, because we do not have an accurate indicator of current market rents. A few communities in the State have conducted a market survey in recent years, and a small number of Local Housing Needs Assessments report up-dated estimates of market rents. These data have been collected using different methods, and cover different time periods and, often, different segments of the market. The only consistent data available is contract rents reported by Public Housing Authorities, as the total rent paid by and for tenants with Section 8 rental assistance certificates. For each county, we used the percentage change in contract rents over the decade to inflate the rent categories from 1990 to 1999 levels. As before, we assumed the distribution of units among categories remained the same. This method likely under-estimates the rate of inflation in rents, because it is based on trends at the lower end of the market. Rents on more luxurious units may have inflated much faster than those occupied by tenants with Section 8 assistance. The effect of this would be to over-estimate the number of lower-priced units available.

The next step was to convert the distribution of units by price and rent category to broader categories that reflected the price (or rent) affordable to households at each of the income cut-offs of interest - for instance, how many units could be expected to sell (or rent) at a price affordable to someone earning less than 50% of area median income? In calculating affordable rents, we assumed that households should spend no more than 30% of their gross monthly income on rent (this is the standard the federal government still uses for affordability, although it could be varied up or down). Calculating affordable home prices is more complex, because it entails judgements about how mortgage lenders will evaluate an application. We decided to use Fannie Mae's mortgage calculator (www.fanniemae.com). This is an interactive calculator set up to show consumers how much house they will be able to afford, according to Fannie Mae mortgage purchasing practices. We used uniform assumptions - that home-buyers would pay a 5% down-payment, that closing costs would be 3%, that 0.25% of the sales price would accounted for by taxes and insurance (including mortgage insurance), and that prospective home buyers would have minimal other debt (we set this to vary between $25 for extremely low income households and $150 for home buyers at median income). We also assumed that mortgages would be for 30 years, at a fixed interest rate of 7.83% including points. This was the national average mortgage rate in the 3rd quarter of 1999. We used the national average because we reasoned the mortgage lending market has probably competed away most regional differences. We assumed low income households would choose to lower monthly payments by stretching them over as long a period as possible (although clearly it would be to their long-term advantage to pay over a shorter period, this was our choice for their *likely* behavior). The Fannie Mae calculator provided estimates of the maximum affordable monthly payment, the maximum sale price and the size of the down-payment and closing costs required. This gave us the basis for the home price cut-off points used to determine how many owner-occupied homes would be affordable to households in each of the five income categories. It does not follow that households in these income categories would in fact be able to purchase a home of the price shown - assembling a down-payment, or paying off large debts, may all make this more difficult.

One task remained after distributing rental and owner-occupied units by price. We estimated how many units were in need of substantial rehabilitation, using the data from Local Housing Needs Assessments described above. We assumed that units in poor condition would be concentrated at the bottom end of the price or rent distribution. We also had to make assumptions about how the number of substandard units was distributed between owner and renter-occupied units. Using owner-occupancy rates clearly assigns too high a proportion of substandard units to owners. Owners are in the vast majority in most counties, and have a much greater incentive than many landlords to keep their homes in adequate condition. In the absence of any better basis, we chose to divide substandard units arbitrarily in half, allocating half to the owner-occupied stock and half to the renter-occupied stock. This is a less than satisfactory solution, and indicates the care with which the precise estimates should be interpreted. However, it provides a consistent basis for estimating the share of households living in substandard housing, with the caveats stated above.

A final task was estimating the numbers of households with special needs. We used Census Bureau estimates of the elderly population, the size of elderly households, and the share of elderly households that were renters and owners, (up-dated from the 1990 Census of Population and Housing) to estimate the number of elderly households in each county. Information on Iowa's homeless population was obtained from a study completed in January 2000. This study included a point in time count of homeless individuals and families, together with estimates of the total annual homeless population in the state. Estimates of the numbers of people with disabilities (defined as those with severe or chronic mental illness, and those with developmental disabilities or mentally retardation) were based on the Iowa Department of Human Services' data for numbers of people served in each of those categories in 1999. In each case, estimates could be constructed for each county.

HOUSING RESOURCES

The next stage of our project addressed the question: How have housing resources - subsidies and financing - been distributed, geographically and by purpose? This provides the basis for our conclusions about how effectively housing resources have been used to meet the needs identified in the first part of this report. For the analysis of subsidies, we relied on data provided by the agencies that administer each of the programs examined. We used an additional data source - HUD's *Picture of Subsidized Households* (available at http://www.huduser.org) - to add information on the characteristics of the households served by several assistance programs.

The State administers or provides several sources of funding to meet housing needs. HOME and CDBG are federal block grant funds; HOME is entirely earmarked for housing, while

CDBG funds may be used for several purposes. We examined only housing-related CDBG funds. IDED also administers a source of state funds, LHAP. The Iowa Finance Authority administers federal Low Income Housing Tax Credits (LIHTC), which are used as an incentive for private investment in rental housing affordable to households at less than 60% of median income. Tax Exempt bonds are issued to provide mortgages for rental property. The HIRE program uses funds passed through from HUD for a variety of purposes, including down payment assistance, interest rate buy downs, and construction loans. IFA has a separate down payment and closing costs grant program. IFA also administers the Housing Assistance Fund, a state- funded program. Other housing subsidies are provided by the Rural Housing Services Division of the USDA, by the Department of Housing and Urban Development, and by the Department of Human Services. In the case of the DHS, funds provided reflect both state funds and funds provided by the local counties. Information was collected on the projects funded from each of these sources between 1990 and 1999 (except for LIHTC, for which information is available from 1987). In most cases, we had data on the number of units funded and the purpose of the project.

Our first task was to work out whether funds from different programs were used to subsidize the same project. It was possible to do this for production programs (new construction or substantial rehabilitation) but more difficult to do this for smaller projects such as those providing down payment assistance to home buyers. In many cases number of units were not available for these smaller programs so the overlap would not be reflected in the totals. For production programs, unit numbers were more likely to be available. Eliminating duplication in unit numbers here was important. Projects were matched by address (where this was provided), by year, by investor entity and by units. In all except the largest metropolitan areas, this was fairly straightforward.

Next, we summarized projects by type and by location. For HOME, CDBG, and LHAP, it was possible to identify the income range of the household assisted. Detailed purpose codes were assigned to each project (e.g., down payment and closing cost assistance vs. owner-occupied rehabilitation). We grouped projects along two dimensions - tenure (owner, renter, or homeless) and production type (rehabilitation, new construction, and household-based subsidies). These are the two policy dimensions that frame our questions - how effectively do programs meet needs among renters vs. homeowners vs. homeless people, and how effectively do programs meet needs for new construction vs. rehabilitation vs. tenant or owner assistance. For each county, we developed a clear picture of their share of housing resources and the units these subsidized, and their share of specific categories of resources.

We used these summaries to match up the distribution of different types of housing resources with the distribution of different types of housing need. We subtracted the number of assisted households from the number of renter or owner households that we estimated were living in substandard housing or paying more than 30% of their income for housing. This showed the number of households in need in each county who would be potentially served by additional housing assistance.

Information on the financial resources available in each county came from several sources. HUD and the USDA provided information on the numbers of loans insured through the FHA or guaranteed through the Section 504 program for home owners. IFA provided information on the numbers of Mortgage Credit Certificates issued, and loans funded by Mortgage Revenue Bonds. Information on applications for mortgages from lending institutions based in metropolitan areas was obtained from the Home Mortgage Disclosure Act (HMDA) dataset. HMDA provides information on applicants for home purchase, home improvement, refinancing and multifamily loans; it includes data on the income, loan size, property location, sex and race, and whether the loan was approved, denied or purchased by the institution. Its coverage is fairly complete in most metropolitan areas (only banks with less than $30 million in assets are excluded) but coverage is only partial in non-metropolitan areas because lenders based in those areas are not required to report the information. Information on loans purchased by Fannie Mae and Freddie Mac is available through the GSE Public Use Dataset; this provides similar data to that provided by HMDA, but it covers only loan purchases. Information on private mortgage insurance was not available more recently than 1996.

We estimated the size of the primary mortgage market based on the numbers of residential sales recorded in each county by County Tax Assessors. Sales examined for Sales Ratio Studies include only arms-length transactions (that is, they would exclude bankruptcy or estate sales, sales between family members and so on). They apply only to units classified as real estate, and would exclude manufactured homes that are not permanently fixed to property. The Iowa Department of Revenue and Finance further distinguishes deed sales from contract sales (where the seller may hold the deed until the purchaser has satisfied the contract). It is safe to assume that a proportion of the number of deed sales approximates the number of new mortgages originated for home purchases, but we do not know precisely what proportion. We cannot know precisely how many of these sales would be financed by a new mortgage, but we could assume the proportion was similar across the State. This may not be true between very rural counties and large metropolitan areas, but the error is likely to be quite small.

APPENDIX B: COUNTY-LEVEL DATA

Table B.1: Number of Households by Income Category

County	Extremely Low Income (less than 30% of median)	Very Low Income (between 30% and 50% of median)	Low Income (between 50 and 80% of median)	Moderate Income (between 80% and 100%)	Middle and Upper Income (over median income)
Adair	502	456	705	396	1315
Adams	275	299	297	236	760
Allamakee	946	743	1125	592	2141
Appanoose	955	912	1068	543	2208
Audubon	374	377	590	345	1120
Benton	1592	1295	1991	1130	4098
Black Hawk	8763	5114	6902	5348	20732
Boone	1575	1529	2071	1298	4087
Bremer	1337	1282	1608	1138	3489
Buchanan	1243	1114	1455	835	3468
Buena Vista	962	948	1101	1217	3286
Butler	821	875	1211	754	2440
Calhoun	754	646	965	641	1985
Carroll	1239	1155	1104	1126	3605
Cass	854	881	1248	755	2314
Cedar	962	961	1380	899	2908
Cerro Gordo	3020	2562	4136	2254	7200
Cherokee	847	696	1086	666	1989
Chickasaw	714	654	1093	678	2087
Clarke	486	510	732	368	1341
Clay	1075	1058	1342	636	2987
Clayton	1082	955	1423	924	2852
Clinton	3070	2772	3938	2090	7817
Crawford	933	831	1276	916	2513
Dallas	2140	1947	3142	1680	5944
Davis	418	443	672	385	1316
Decatur	577	514	582	381	1237
Delaware	1070	783	1241	920	2745
Des Moines	2788	2344	3242	2079	6654
Dickinson	967	892	1507	874	2718
Dubuque	4697	4401	6433	2973	13902
Emmet	633	581	833	585	1638
Fayette	1379	1309	1695	882	3336
Floyd	1153	852	1224	789	2580
Franklin	715	618	806	610	1731
Fremont	477	451	570	385	1224
Greene	635	596	874	537	1644
Grundy	719	615	1017	634	2036
Guthrie	671	651	846	664	1959
Hamilton	909	896	1327	785	2529
Hancock	608	558	1058	656	1903
Hardin	1065	1039	1538	943	2858

Table B.1: Number of Households by Income Category (contd.)

County	Extremely Low Income (less than 30% of median)	Very Low Income (between 30% and 50% of median)	Low Income (between 50 and 80% of median)	Moderate Income (between 80% and 100%)	Middle and Upper Income (over median income)
Harrison	976	851	1124	683	2347
Henry	1095	1042	1586	928	2989
Howard	635	501	697	537	1506
Humboldt	464	638	932	541	1661
Ida	473	422	606	417	1233
Iowa	914	781	1318	847	2453
Jackson	1348	1046	1445	867	3127
Jasper	1810	2133	2872	1455	6667
Jefferson	1213	883	1364	740	2484
Johnson	8550	5859	8281	4190	13252
Jones	980	939	1506	888	3001
Keokuk	662	584	979	532	1837
Kossuth	923	947	1462	896	2809
Lee	2643	2010	2837	1690	6021
Linn	11081	9391	14534	9699	28976
Louisa	631	620	869	537	1901
Lucas	683	600	761	376	1483
Lyon	536	569	921	550	1868
Madison	806	746	960	509	2489
Mahaska	1314	1199	1677	1045	3520
Marion	1630	1358	2219	1806	4656
Marshall	2263	2205	3143	1876	6014
Mills	743	719	1149	612	2126
Mitchell	672	615	862	595	1711
Monona	656	610	789	529	1643
Monroe	501	497	589	396	1253
Montgomery	740	766	1004	582	1857
Muscatine	2436	1953	3321	2036	5897
O'Brien	844	788	1253	680	2241
Osceola	357	451	572	303	1078
Page	1230	1014	1381	763	2686
Palo Alto	546	592	820	482	1576
Plymouth	1298	1158	1741	897	4100
Pocahontas	491	514	713	480	1430
Polk	21882	19341	30665	19683	56928
Pottawatamie	4939	4067	6819	3117	14677
Poweshiek	1043	957	1431	696	3128
Ringgold	379	383	339	319	856
Sac	652	655	1040	597	1885

Table B.1: Number of Households by Income Category (contd.)

County	Extremely Low Income (less than 30% of median)	Very Low Income (between 30% and 50% of median)	Low Income (between 50 and 80% of median)	Moderate Income (between 80% and 100%)	Middle and Upper Income (over median income)
Scott	10634	8535	11389	7280	24632
Shelby	593	619	1080	681	2019
Sioux	1199	1368	2256	1439	4427
Story	5144	4028	5307	3010	9637
Wapello	2496	2234	2826	1500	5782
Warren	1910	1769	2829	2050	6147
Washington	986	1081	1803	796	3624
Wayne	467	436	539	448	954
Webster	2377	2162	3242	1946	6135
Winnebago	724	636	992	627	1799
Winneshiek	1210	950	1436	925	2978
Woodbury	6470	5378	7558	3175	16459
Worth	481	412	734	353	1233
Wright	860	857	1084	769	2331

Table B.2: Special Needs Populations by County

County	Estimated Elderly Individuals (65 or over)	Estimated Very Elderly Individuals (85 or over)	Individuals with Chronic or Severe Mental Illness	Individuals with Developmental Disabilities	Estimated Homeless Adults	Estimated Homeless Children
Adair	1742	297	130	28	28	31
Adams	933	151	78	22	15	13
Allamakee	2634	442	101	70	34	43
Appanoose	2690	410	105	63	16	29
Audubon	1602	280	109	39	10	17
Benton	3855	490	134	70	23	44
Black Hawl	17042	2185	3032	459	351	366
Boone	4358	809	129	99	35	56
Bremer	3830	598	86	81	32	56
Buchanan	3161	388	93	98	18	27
Buena Vist	3508	555	99	60	25	38
Butler	3221	490	164	56	13	21
Calhoun	2477	421	43	41	7	23
Carroll	3930	656	460	117	39	38
Cass	2975	472	774	64	2	27
Cedar	3054	468	32	71	24	39
Cerro Gorc	8190	1216	622	177	82	80
Cherokee	2636	417	78	48	18	23
Chickasaw	2371	349	54	52	5	13
Clarke	1556	267	167	47	13	34
Clay	3034	485	65	57	24	29
Clayton	3370	496	79	78	65	79
Clinton	7963	1074	263	202	169	145
Crawford	2861	449	108	74	10	33
Dallas	4568	676	110	70	148	127
Davis	1465	250	100	119	21	29
Decatur	1577	292	64	38	39	33
Delaware	2779	399	98	82	45	49
Des Moine	6883	1026	561	132	16	34
Dickinson	3366	438	81	37	18	22
Dubuque	12920	1814			351	332
Emmet	2162	340	77	62	26	35
Fayette	3972	591	116	95	16	51
Floyd	3177	496	449	58	31	42
Franklin	2108	345	97	40	5	14
Fremont	1555	226	19	40	27	28
Greene	2221	344	220	48	7	11
Grundy	2365	310	76	47	41	44
Guthrie	2327	374	170	44	13	18
Hamilton	2929	430	75	78	21	29
Hancock	2180	322	94	61	16	27
Hardin	3946	664	176	60	45	51
Harrison	2735	472	218	69	37	43
Henry	3078	526	110	76	2	14

Table B.2: Special Needs Populations by County (contd.)

County	Estimated Elderly Individuals (65 or over)	Estimated Very Elderly Individuals (85 or over)	Individuals with Chronic or Severe Mental Illness	Individuals with Developmental Disabilities	Estimated Homeless Adults	Estimated Homeless Children
Howard	1945	339	33	31	24	38
Humboldt	2153	296	65	79	14	18
Ida	1687	290	57	31	25	29
Iowa	2657	437	139	63	10	26
Jackson	3370	472	46	83	49	63
Jasper	5857	758	273	221	10	38
Jefferson	2252	344	93	62	41	54
Johnson	8102	1167	1134	353	325	274
Jones	3281	459	197	108	27	41
Keokuk	2265	380	212	59	40	36
Kossuth	3366	552	54	83	7	31
Lee	6155	854	370	159	39	64
Linn	22739	3014	1951	898	692	798
Louisa	1756	283			77	91
Lucas	1896	299	113	44	22	31
Lyon	2168	348	42	39	16	28
Madison	2076	353	77	46	10	27
Mahaska	3593	539	600	91	54	47
Marion	4918	690	106	99	42	45
Marshall	6397	982	541	158	138	119
Mills	1834	257	57	57	23	31
Mitchell	2359	443	43	44	15	18
Monona	2378	406	290	47	25	33
Monroe	1587	273	54	39	67	61
Montgome	2447	438	231	39	23	34
Muscatine	5558	844	335	231	100	91
O'Brien	3166	544	55	66	20	32
Osceola	1339	257	26	25	13	19
Page	3364	578	313	60	42	56
Palo Alto	2102	382	51	53	177	149
Plymouth	4042	649	112	53	33	51
Pocahonta	1916	333	35	37	51	45
Polk	40544	5340	4737	1344	1816	1443
Pottawatan	11945	1520	473	353	838	643
Poweshiek	3261	519	18	66	5	30
Ringgold	1317	211	44	26	59	45
Sac	2574	466	143	44	41	40
Scott	18427	2211	2936	450	1181	1003
Shelby	2705	435	148	54	17	26
Sioux	4677	665	165	115	42	56
Story	7811	1202	506	237	238	219

Table B.2: Special Needs Populations by County (contd.)

County	Estimated Elderly Individuals (65 or over)	Estimated Very Elderly Individuals (85 or over)	Individuals with Chronic or Severe Mental Illness	Individuals with Developmental Disabilities	Estimated Homeless Adults	Estimated Homeless Children
Tama	3400	577	99	75	23	37
Taylor	1536	252	127	25	25	22
Union	2224	394	401	71	18	34
Van Buren	1567	225	21	31	5	9
Wapello	6364	903	445	168	28	284
Warren	4535	671	114	100	161	127
Washingto	3654	621	148	91	28	42
Wayne	1600	307	42	14	18	16
Webster	6796	1115	136	159	113	107
Winnebagc	2270	367	75	36	16	24
Winneshiel	3263	506	162	89	67	62
Woodbury	13966	2071	492	324	182	189
Worth	1533	287	63	31	26	31
Wright	3013	514	92	65	19	34

Table B.3: Estimated Housing Needs by Household Category: Renters

County	Extremely Low Income Non-elderly	Very Low Income Non-elderly	Low income Renters	Extremely Low Income Elderly	Very Low Income Elderly
Adair	150			3	
Adams	83				
Allamakee	352	178	220	58	29
Appanoose	394	124	15	73	23
Audubon	110	109	84	29	28
Benton			143		
Black Hawl	2130				
Boone					
Bremer			118		
Buchanan	65				
Buena Vist	258				
Butler	169		145	44	
Calhoun		120	9		
Carroll					
Cass	220			38	
Cedar			4		
Cerro Gordo					
Cherokee	100				
Chickasaw	107		32		
Clarke	159				
Clay	164				
Clayton	175				
Clinton	869				
Crawford	288				
Dallas					
Davis	96				
Decatur	193			18	
Delaware	322			39	
Des Moine	441				
Dickinson	350		93	34	
Dubuque	1180				
Emmet	169			13	
Fayette	101			6	
Floyd	258			41	
Franklin	21				
Fremont			42		
Greene	164		54	23	
Grundy					
Guthrie					
Hamilton	119				
Hancock					
Hardin					
Harrison	216				
Henry					

Table B.3: Estimated Housing Needs by Household Category: Renters (contd.)

County	Extremely Low Income Non-elderly	Very Low Income Non-elderly	Low income Renters	Extremely Low Income Elderly	Very Low Income Elderly
Howard	226	41	44	49	9
Humboldt			7		
Ida	62			7	
Iowa			104		
Jackson					
Jasper	159				
Jefferson	342			17	
Johnson	5782				
Jones	376	92	420	65	16
Keokuk	95	4	131	20	1
Kossuth					
Lee	745				
Linn	5724				
Louisa	63				
Lucas	122				
Lyon	108		107	7	
Madison	161				
Mahaska	708	312	102	119	52
Marion	25				
Marshall			9		
Mills			31		
Mitchell	130	20	80	26	4
Monona	132			11	
Monroe	163		18	28	
Montgomei	62				
Muscatine	31				
O'Brien	225			39	
Osceola	76		66	16	
Page	26				
Palo Alto	140			20	
Plymouth			104		
Pocahonta	112	17	77	40	6
Polk	10609				
Pottawatan	1150				
Poweshiek	139				
Ringgold	64		13	12	
Sac	96		83	15	
Scott	5625				
Shelby	202			39	
Sioux	274			30	
Story	454				

Table B.3: Estimated Housing Needs by Household Category: Renters (contd.)

County	Extremely Low Income Non-elderly	Very Low Income Non-elderly	Low income Renters	Extremely Low Income Elderly	Very Low Income Elderly
Tama					
Taylor	133			43	
Union	360	197		76	42
Van Buren	152	128		35	30
Wapello	995	830		225	188
Warren	90				
Washington					
Wayne					
Webster					
Winnebago					
Winneshiel	260				
Woodbury	1364				
Worth	114			23	
Wright					

Table B.4: Estimated Housing Needs by Household Category: Owners

County	Very Low Income Owners	Low Income Owners	Moderate Income Owners	Type of Housing Market	Need for Homes above Median
Adair			0	declining	143
Adams			0	declining	74
Allamakee	925		0	stagnant	
Appanoose	436		0	declining	77
Audubon			0	declining	260
Benton	418		0	growing	
Black Haw	2539		0	growing	
Boone			0	stagnant	
Bremer	1014		0	growing	
Buchanan			0	stagnant	
Buena Vist	323		0	stagnant	
Butler			0	stagnant	257
Calhoun	29		0	declining	118
Carroll	317		0	stagnant	
Cass			0	declining	129
Cedar	505		0	growing	
Cerro Gor	1605		0	growing	
Cherokee			0	declining	274
Chickasaw	89		0	stagnant	120
Clarke	306		0	stagnant	
Clay	99		0	stagnant	216
Clayton	196		0	stagnant	
Clinton	2183		0	growing	
Crawford			0	declining	49
Dallas	1512		0	rapidly growing	
Davis			0	declining	55
Decatur			0	declining	
Delaware	968		0	growing	
Des Moine	391		0	stagnant	619
Dickinson	783	325	0	rapidly growing	
Dubuque	3494	379	0	rapidly growing	
Emmet			0	declining	303
Fayette			0	declining	528
Floyd			0	stagnant	400
Franklin			0	declining	275
Fremont			0	declining	170
Greene			0	declining	60
Grundy			0	stagnant	260
Guthrie			0	stagnant	
Hamilton			0	stagnant	160
Hancock			0	declining	108
Hardin			0	stagnant	294
Harrison	790		0	stagnant	
Henry			0	growing	

Table B.4: Estimated Housing Needs by Household Category: Owners (contd.)

County	Very Low Income Owners	Low Income Owners	Moderate Income Owners	Type of Housing Market	Need for Homes above Median
Howard			0	declining	101
Humboldt			0	stagnant	168
Ida			85	declining	96
Iowa	293		0	growing	
Jackson	451		0	stagnant	
Jasper	154		0	growing	
Jefferson	803		0	growing	
Johnson	2858	3292	0	rapidly growing	
Jones	998		0	growing	
Keokuk		37	244	declining	323
Kossuth			0	declining	278
Lee			0	stagnant	721
Linn	5813		0	rapidly growing	
Louisa			0	declining	
Lucas			0	declining	182
Lyon			0	stagnant	115
Madison	320		0	growing	
Mahaska	845		0	stagnant	
Marion	275		0	growing	
Marshall			0	stagnant	847
Mills	403		0	growing	
Mitchell			0	stagnant	28
Monona			0	declining	163
Monroe			249	declining	
Montgomery			0	declining	214
Muscatine			0	growing	
O'Brien			0	declining	102
Osceola			0	declining	108
Page			0	declining	168
Palo Alto			0	declining	125
Plymouth	534		0	growing	
Pocahontas		204	327	declining	174
Polk	9731		0	rapidly growing	
Pottawatamie			0	growing	
Poweshiek	250		0	growing	
Ringgold			0	declining	
Sac			71	declining	317
Scott	5133	3970	0	rapidly growing	
Shelby			0	declining	298
Sioux			0	growing	
Story	1380		0	growing	

Table B.4: Estimated Housing Needs by Household Category: Owners (contd.)

County	Very Low Income Owners	Low Income Owners	Moderate Income Owners	Type of Housing Market	Need for Homes above Median
Tama				0 stagnant	162
Taylor				15 declining	190
Union	363			0 stagnant	294
Van Buren				117 declining	
Wapello	660			0 stagnant	612
Warren	1241			0 growing	
Washington				0 stagnant	64
Wayne				105 declining	135
Webster				0 stagnant	1047
Winnebago				36 declining	118
Winneshiel	868			0 growing	
Woodbury	2041			0 growing	
Worth				93 declining	198
Wright				100 declining	232