

East Central Iowa Housing Trust Fund

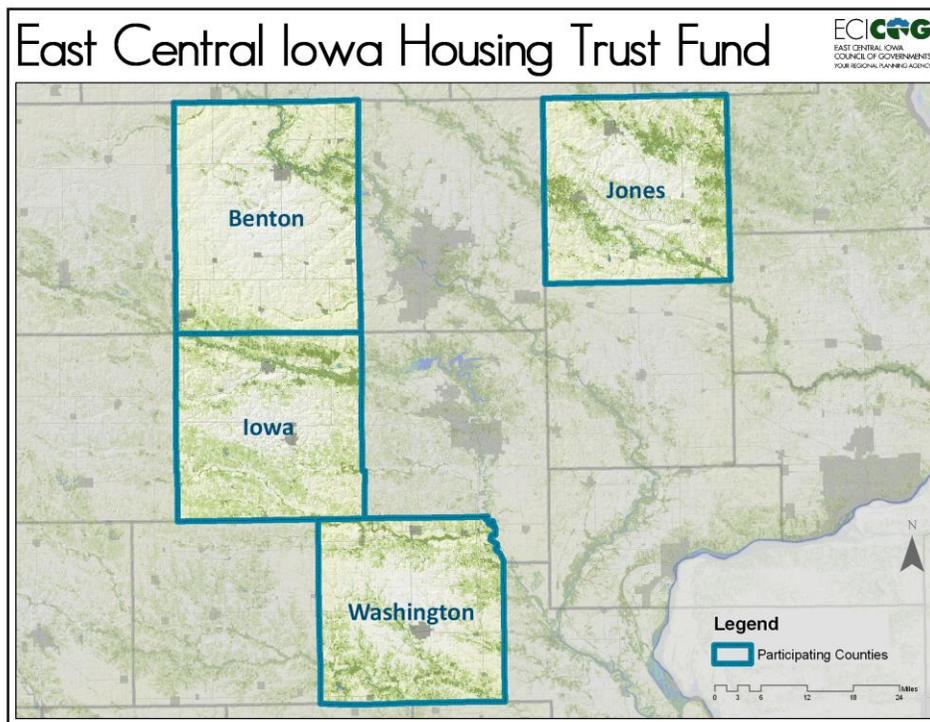
2016

Housing Assistance Plan

Introduction

There is a great need for affordable housing throughout Benton, Iowa, Jones, and Washington Counties. Previous efforts to address the area's affordable housing needs have been limited. Low-income workers and residents in the area continue to face a shortage of affordable housing and a deteriorating housing stock. The East Central Iowa Housing Trust Fund (ECIHTF) is a community-based organization dedicated to improving the quality of life by offering flexible funding options in order to expand affordable housing opportunities. The area served by the ECIHTF is depicted in Exhibit 1 below.

Exhibit 1



Structure of this document

This document is organized in three parts. Part 1 provides an analysis of affordable housing needs in the four-county area. Part 2 identifies the desired goals of the ECIHTF based on the analysis of affordable housing needs. Part 3 describes the proposed activities the ECIHTF will undertake to achieve these goals. All data was taken from the U.S. Census Bureau's 2011 American Community Survey (ACS), unless otherwise noted.

Part 1: Analysis of Needs

County Profiles

According to the U.S. Census Bureau, the total population of the ECIHTF area in 2010 was 84,773. The four-county area is generally rural in character, and while there are 40 incorporated places within these counties, the most populous municipality has 7,266 residents.

Table 1 below shows the 2000 and 2010 population by county. All of the counties experienced growth in the decade, with Washington County experiencing the highest percentage change. Jones County experienced the least growth in the decade.

Table 1: Population Change

	Population		% Change
	2000	2010	
Benton County	25,308	26,076	+3.0
Iowa County	15,671	16,355	+4.3
Jones County	20,221	20,638	+2.0
Washington County	20,670	21,704	+5.0
ECIHTF Area	81,870	84,773	+3.5

Source: 2000 and 2010 U.S. Census Bureau

According to the 2010 Census, the average age of residents in the area is 41.9, ranging from 40.9 in Benton County to 42.7 in Jones County. Over 21 percent of residents are age 16 or younger, while nearly 17 percent are age 65 or over. Minorities make up less than three percent of the counties' population.

The counties have 34,018 total households. Over 28 percent of households have an individual aged 65 or above. Over 31 percent of households have one or more persons under the age of 18. Moreover, 2,558 households are single female-headed households, and 1,778 of these have children below 18 years of age. The average household size in the ECIHTF area ranges from 2.37 to 2.52 persons per household in each county.

Employment is concentrated in two areas; manufacturing and educational, health, and human services with 23.1% of the counties' employment being in each of these areas. The area has a high concentration of employment in agricultural-related activities at 6.5, compared with a statewide average for this sector of over four percent. Other than in agriculture, the area has a balanced employment base as the percentage employed in various employment sectors closely follows statewide averages.

The average commute time for employment purposes for those living within the participating counties is nearly 25 minutes while the statewide average is just 18 minutes. It is safe to assume that the cost of transportation needed for employment purposes for those residing in the participating counties places an additional financial burden on households in the ECIHTF area.

Higher and continuing education are available throughout the area. Kirkwood Community College has five satellite locations within the four counties, in addition to its centrally located main campus located in Cedar Rapids. In addition, the University of Iowa is also centrally located in Iowa City. The number of individuals in the ECIFTF area with at least a bachelor's degree is 10,855 (18.5 percent) for those persons age 25 and older.

Over 80 percent of the households in the ECIFTF area earn income from wages, and the average household income from wages is \$61,760. Nearly 32 percent of households receive social security income, with an average household income of \$16,119. Over 17 percent receive retirement income, and the average is \$15,391. Households receiving Supplemental Security Income (SSI) on average receive \$8,131 per year, and those receiving cash public assistance receive an average of \$2,770 per year. Both of these make up about two percent of the entire households with income.

Overview

To be deemed “affordable” a household should pay no more than 30 percent of its income for housing. Households that pay more than this amount are considered cost-burdened. Table 2 illustrates the type of household with a housing cost burden for each county in the ECIFTF area.

Table 2: Percentage of Owners/Renters Cost Burdened

	Benton	Iowa	Jones	Washington
Owners	20.5	18.3	20.3	20.4
Renters	26.9	31.2	29.0	40.0

Source: U. S. Census Bureau, 2010

Rental Housing Needs

According to the 2010 Census, the ECIFTF area had 7,568 renter-occupied housing units, comprising 22.3 percent of all housing units in the area. Nearly 39 percent of all renters in the four-county area lack affordable housing and would be categorized as having a housing cost burden. According to the National Low Income Housing Coalition, a household must earn \$22,680 annually, or \$10.09 per hour, in order to afford the average rent of \$567 in the ECIFTF area. This is called the “Housing Wage”. The ECIFTF area’s Housing Wage is 139 percent of the State’s minimum wage of \$7.25 per hour. As shown in the income levels above, any household without earnings as an income source would not have enough income to support the average rent of \$567 in the ECIFTF area.

Owner Occupied Housing Needs

In 2010, 26,333 (78%), of housing units in the ECIFTF area were owner-occupied. According to the 2011 ACS, nearly 20 percent of all homeowners in this area are cost-burdened. There are a total of 4,071 owner households with a mortgage in the ECIFTF

area that are cost-burdened, and there were 1,116 owner households without a mortgage that are cost-burdened.

The average median value of a home was \$131,150 for the four-county area, according to the ACA 2010-2014. The monthly payment for a home at that price would be \$682.90¹. A household would need to make \$3,000 monthly (or \$36,000 per year) to afford this price. In other words, the housing wage for homeowners would be \$ 17.30 per hour.

Housing Stock and Needs

The supply of affordable housing in the area served by the ECIHTF continues to decrease. From 2000 to 2011 the percentage of owner-occupied units valued at less than \$50,000 decreased from 18.3 percent to 9.9 percent. Additionally, the housing stock in the ECIHTF area is aging. About one-third of the area's housing stock was built prior to 1939.

Hardship Needs

In addition to other needs noted herein, there may also periodically be those related to hardship. For example, a number of areas throughout the state experienced flooding in 2008. Several areas throughout the ECIHTF area experienced significant, adverse impacts as a result of this flooding. In addition, in 2011 Benton County experienced significant damage due to a tornado.

Homelessness

According to the Iowa Institute for Community Alliances, there are no known service providers for the homeless that provide beds in the ECIHTF area.

Part 2: Goals of ECIHTF

The ECIHTF is a community-based, non-profit organization committed to expanding affordable housing options as a means to improve quality of life throughout Benton, Iowa, Jones, and Washington Counties.

Collaboration

One of the core values of the ECIHTF is collaboration. The composition of the Board of Directors was purposefully crafted to ensure that a wide range of backgrounds and knowledge are accounted for in ECIHTF activities. The ECIHTF Board of Directors includes professionals from public agencies, non-profit agencies, and the private sector. The Board may also establish committees and recruit area experts to explore specific issues or initiatives. This range of expertise and varying perspective enhances the opportunity to address affordable housing in a comprehensive manner.

The commitment to collaboration will be incorporated into the process used to distribute ECIHTF funds throughout the area. Any agency active in providing housing and

¹ Based on a 30-year mortgage at 4.0 percent interest, 20 percent down payment and estimated taxes and insurance.

support services, whether a non-profit, for-profit or governmental body, will be eligible to apply for funding. It is preferred that funding assistance be provided through the above mentioned entities in an attempt to better realize efficient and effective implementation and administration; however, the ECIHTF may also at its discretion provide assistance directly to individuals. Through the Board of Directors, its committees, and an open application process, inclusive community involvement will be a hallmark of the management and work of the ECIHTF.

Public Awareness / Education

In order to build local support for a sustainable affordable housing initiative, the ECIHTF must educate the general public. Education would include sharing information about current programs and services that help people attain and maintain their housing. Additionally, a clear and consistent message must be developed that reflects the need for providing attainable housing as well as the benefits it provides. The public must be aware of the existing gaps that limit affordable housing opportunities for many in the area.

Fundraising

In addition to the application to IFA for State Housing Trust Fund money, the ECIHTF will actively seek funding to further affordable housing initiatives. Potential funding partners include Benton, Iowa, Jones, and Washington Counties as well as each municipality within these counties. In addition, Federal Home Loan Bank, local lenders, other private sector organizations, and interested individuals will also be solicited. While pursuing direct contributions from area lenders and foundations, the ECIHTF may also explore the potential for establishing a consortium of local lenders and other collaborative financing opportunities.

The ECIHTF Board of Directors recognizes that a dedicated source of revenue would provide the most stable funding to support its mission and operation. To that end, Board members will identify ways to promote State legislation creating a permanent funding mechanism, such as a portion of document recording fees, to be directed to local housing trust funds. The ECIHTF will also work with housing advocates on the national, state and regional levels to attain this goal.

Part 3: Proposed Activities of the ECIHTF

State Housing Trust Fund dollars received by the ECIHTF through the Iowa Finance Authority would be used in a variety of ways to address affordable housing needs in the area. At the discretion of the ECIHTF, this may include providing temporary or permanent assistance for owner or rental property demolition / clearance, development, reconstruction, or rehabilitation; homeownership assistance (such as down payment / closing costs for first-time homebuyers, mortgage payments for principal, interest, taxes and/or insurance, etc.); rental assistance (such as for rent security deposits, utilities, etc.); construction of transitional housing and homeless shelters and items associated with making housing livable and safe. More specifically, in 2017, the State Housing

Trust Fund dollars will be partially combined with funds from HACAP to complete an energy efficiency/rehabilitation program for homeowners in the four-county area. This assistance will be in the form of a grant to HACAP, which will be passed on to the homeowners participating in the program. A minimum of two homeowners will have income below 30% AMI.

Funding received through the Iowa Finance Authority, as well as local matching funds, would directly provide greatly needed assistance to a large number of area households. In addition, the funds granted by the ECIHTF may allow agencies to leverage additional funds from other sources, thereby increasing the overall impact. Funds distributed in the form of zero- or low-interest loans will return to the ECIHTF and will be redistributed in the community through subsequent application processes. At the discretion of the ECIHTF, funding assistance may also be provided in the form of forgivable loans or grants.

In 2016 ECIHTF offered a new program for home buyers. In 2015, in collaboration with East Central Iowa Council of Governments (ECICOG), ECIHTF received an award for HOME funds from IFA to be used toward a down payment assistance / rehabilitation program in Benton, Iowa, Jones and Washington Counties. The maximum amount for down payment for the program would be 20% of the purchase price or \$20,000 whichever is lower, and a maximum of \$14,000 for rehabilitation needs, including dealing with lead-based paint. The program funding includes approximately \$200,000 HOME funds and \$42,000 ECIHTF local match funds to assist a minimum of six home buyers below 80% AMI in the four rural counties.

Allocation Guidelines

Based on the needs assessment detailed in Part 1 of this Housing Assistance Plan, the ECIHTF Board of Directors adopted the following principles to guide the distribution process:

1. Location and income eligibility

Only housing projects that will serve low-income households within Benton, Iowa, Jones, and Washington County will be eligible for ECIHTF funding. Low-income is defined as household income that is at or below 80% of area median income (AMI). Further, as required by IFA, 30 percent of the state LHTF funds will be used to benefit persons with extremely low income (30% AMI). ECIHTF projects will utilize county-specific income limit guidelines published annually by the U.S. Department of Housing and Urban Development (HUD).

Table 3: 2016 HUD Income Limits by Household Size as a Percent of AMI

	Benton		Iowa		Jones		Washington	
	30%	80%	30%	80%	30%	80%	30%	80%
1 Person	\$15,050	\$40,050	\$15,850	\$42,250	\$14,000	\$37,350	\$14,450	\$38,500
2 Person	\$17,200	\$45,800	\$18,100	\$48,250	\$16,000	\$42,700	\$16,500	\$44,000
3 Person	\$19,350	\$51,500	\$20,350	\$54,300	\$18,000	\$48,050	\$18,550	\$49,500
4 Person	\$21,450	\$57,200	\$22,600	\$60,300	\$20,000	\$53,350	\$20,600	\$54,950
5 Person	\$23,200	\$61,800	\$24,450	\$65,150	\$21,600	\$57,650	\$22,250	\$59,350
6 Person	\$24,900	\$66,400	\$26,250	\$69,950	\$23,200	\$61,900	\$23,900	\$63,750
7 person	\$26,600	\$70,950	\$28,050	\$74,800	\$24,850	\$66,200	\$25,550	\$68,150
8 person	\$28,350	\$75,550	\$29,850	\$79,600	\$26,400	\$70,450	\$27,200	\$72,550

2. Project Requirements

Proposed projects must meet the following criteria:

- Implement an eligible activity, as identified herein
- Applicant is a non-profit agency, governmental entity, for-profit business, or individual that demonstrates capacity to complete their project and comply with the terms of a ECIHTF funding agreement
- Sufficient documentation supporting financial feasibility of the project
- Affordability period, as defined by the ECIHTF Board of Directors
- Funding limits of \$50,000 per unit and \$750,000 per project
- Proposed projects must show proof of meeting applicable building codes. For projects located in jurisdictions without building codes, new construction projects must meet county building codes of the and rehabilitation must at least meet Housing Quality Standards (HQS) of the Department of Housing and Urban Development’s (HUD) Housing Choice Voucher Program, previously known as Section 8.

3. Project Evaluation

The project evaluation process will give preference to projects that:

- Serve extremely low-income people, defined by HUD as below 30% of area median income
- Leverage additional funding sources (local, state, federal, or private)
- Promote infill development, energy efficiency, and sustainability principles
- Serve areas impacted by natural disasters.

Sources:

National Low Income Housing Coalition. <<http://www.nlihc.org/oor/>>
Iowa Workforce Development Wage Survey May 2012.

<<http://www.iowaworkforce.org/lmi/occupations/wages/county/LinnCounty.pdf>>