



# Iowa

## Low Income Housing Preservation in 2010

### Low Income Housing Tax Credits (9% Tax Credits)

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The 2010 QAP includes a 10% competitive set-aside for preservation of qualifying existing affordable properties where more than 50% of the units are income-restricted and rent-restricted to households at or below 60% AMI by Land Use Restriction Agreement, Reg Agreement, or Sec 8 project-based contract (a decrease in 10% from 2007). Additionally, 20 points will be awarded to projects where no less than 50% of the units are subsidized by a project-based rental assistance contract. The 2010 QAP also requires 30-year period of occupancy restriction (includes 15 year federal requirement).

#### **Allocations (2003-2009)**

*Properties Preserved:* 49

*Apartments Preserved:* 1,811

*Additional Info:* While IFA's preservation set-aside is 10%, the agency targeted more than 60% of their competitive allocations towards preservation in 2008 and 15% in 2009, with more than 30% of all the units receiving tax credits being preservation properties during those 2 years.

### Private Activity Bonds with 4% Tax Credits

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While there are no specific incentives for preservation and the state has not historically used 4% tax credits for many preservation properties, rehabilitation projects are eligible for private bonds. Projects financed with tax-exempt bonds may be entitled to 30% present value Tax Credits not subject to the State Ceiling and without the need to participate in the competitive round. Project using tax-exempt financing must satisfy all of the underwriting and threshold requirements in the QAP.

#### **Allocations (2003-2009)**

*Properties Preserved:* 3

*Apartments Preserved:* 268

### Housing Trust Funds

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The State Housing Trust Fund, administered by the Iowa Finance Authority, provides funding for two programs -- the Local Housing Trust Fund Program (over \$5.6M for 2011) and the Project-Based Housing Program (\$370,000 for 2011). The Project-Based Housing Program assists in funding the development and preservation of both single family and multifamily affordable housing. The Local Housing Trust Fund can provide financial assistance in the form of matching funds to local housing trust funds that do rehabilitation (among other things). Two dozen local housing trust funds have been certified by IFA, a list of which can be found at: [http://www.iowafinanceauthority.gov/en/for\\_communities\\_housing\\_org/state\\_housing\\_trust\\_fund/](http://www.iowafinanceauthority.gov/en/for_communities_housing_org/state_housing_trust_fund/)

**PLEASE NOTE:** *Some of the information on housing trust funds included in this report was generously provided by the Center for Community Change (Housing Trust Fund Project).*

### Other Preservation Incentives

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With much of its affordable housing stock more than a quarter-century old, Iowa faces the challenge of an oversupply of affordable housing in some areas where there are declining populations, and an undersupply in some areas that have growing populations. With support from the MacArthur Foundation, the state is creating a comprehensive database of all subsidized properties so that it can strategically allocate scarce resources and recruit developers to preserve affordable rental properties in rural areas of the state.

Additionally, with an influx of disaster credits and ARRA funds, Iowa has increased affordable housing development through both new construction and preservation.

### ***Other Preservation Incentives (continued)***

IFA's Multifamily Loan Program provides loans to nonprofit and for-profit sponsors to preserve existing multifamily affordable housing at risk of being lost from the stock. Eligible activities include acquisition with substantial rehabilitation (acquisition with minor repairs possible for nonprofit owners), loan restructuring in Mark-to-Market program, restructuring of LIHTC or IFA loan properties pursuant to a workout plan, restructuring of HUD/USDA properties that are held or troubled, restructuring of HAF or IHC loans, and restructuring of troubled LIHTC properties. The maximum loan term is 40 years. Commitment fee required of 1% of the total loan.

IFA also has a Main Street Revitalization Loan program and since 2002 has made a number of loans ranging from \$50,000 to \$250,000 to facilitate upper floor housing, infill development properties, and commercial properties situated in the downtown area of communities participating in the Iowa Main Street Program administered by the Iowa Department of Economic Development. Loan were made for such things as rehabilitation of 2nd/3rd floors into office/community space; rehabilitation of 2nd floor into apartments; rehabilitation of building for clothing store, restaurant and commercial space.

## **Green Multifamily Preservation Initiatives**

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### ***Green Incentives in State Tax Credit Allocation Plan***

Iowa's 2010 QAP offers up to 28 points for green building measures in their "Impact on the Environment" section, including orienting the building to make use of solar heating and cooling, low-VOC paints and adhesives, using recycled building materials, and using efficient water heaters and toilets.

All projects must adhere to state energy codes, including the 2006 International Energy Conservation Code (IECC).

Though green incentives do not distinguish between rehabilitation and new construction developments, rehab projects are allowed to meet a lower Home Energy Rating System and ASHRAE standards. Rehab developments must be subject to an energy audit and must implement IECC standards if feasible.

### ***Other Green Incentives Relevant to Preservation***

Iowa's weatherization funds are administered by the Bureau of Weatherization, Dept. of Human Rights. Currently, the state does not encourage the use of weatherization funds for multifamily housing. For complete information on IA's weatherization program see: <http://www.waptac.org/grantee-contacts.aspx>.

The Iowa Finance Authority, Alliant Energy, Black Hills Energy, MidAmerican Energy, and the Iowa Utility Association administer the Multifamily Great Rewards Energy Efficiency Network (GREEN) which offers financing to cover the cost of energy upgrades for Section 8 and Low Income Housing Tax Credit properties located in the participating utilities' service territory. Properties must have reasonable occupancy rates and have not been recently renovated or retrofitted. Utility incentives include a rebate of up to 40% of the cost of the energy efficiency upgrade or five times the annual energy savings. To assist with financing, the Iowa Finance Authority may provide below market loans to cover the cost of energy upgrades. The Multifamily GREEN Loan Program provides loans of up to \$50,000 at an interest rate of 3.5%.

Other programs and incentives include income tax credits on renewable energy production, sales tax exemptions for purchases of wind energy systems, and special property tax assessments for wind and solar energy systems.

***For additional information on green initiatives, visit [www.aceee.org](http://www.aceee.org) for more on policies related to energy efficiency or [www.dsireusa.org](http://www.dsireusa.org) for programs that may be available to developers to incentivize renewable energy or energy efficiency.***

## **Sustainable Communities & Transit-Oriented Development Incentives**

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Iowa's 2010 QAP awards up to 20 points for projects near services which is defined as the calculated distance from the Project to public transportation and/or grocery store that are available using existing roads that can be traveled by automobile or pedestrian is not greater than 1 mile. The Walkability score is established using the website [www.walkscore.com](http://www.walkscore.com).

Up to 20 points available for projects near services, including public transit (5 points), grocery store (5 points), and walkability score (up to 10 points).