



# Northeast Iowa Regional Housing Trust Fund

## *Our Mission*

*To ensure that the Northeast Iowa counties of Allamakee, Clayton, Howard, and Winneshiek County residents have access to well-maintained, safe and affordable housing in both the rural and urban areas of each county.*

## Introduction:

Northeast Iowa has identified a need to address affordable housing issues in the region. Community leaders and housing organizations have come together to form the Northeast Iowa Regional Housing Trust Fund. The Trust fund will allow the region to secure the necessary resources and funding to address low income housing needs that are currently unassisted. The Northeast Iowa Regional Housing Trust Fund is being formed to assist both rental and owner-occupied projects. Specifically, for owner-occupied projects, the fund will assist households with incomes less than 80% of the greater of: the MRB (Mortgage Revenue Bond) income limits as periodically published by IFA, or the statewide Median Family Income (MFI) limits as published annually by the U.S. Department of Housing and Urban Development. For rental projects, the fund will assist households with incomes less than 80% of the statewide MFI.

The Boards of Supervisors in the counties of Allamakee, Clayton, Howard and Winneshiek have all passed resolutions to establish the Northeast Iowa Regional Housing Trust Fund. (Attachment A). Communications and presentations were made to the 39 communities in the region, and resolutions of recognition and support were obtained (Attachment B). Community members and leaders have also offered their support for the formation of a Regional Housing Trust Fund (Attachment C). A steering committee consisting of county and community government officials, local business leaders, community and economic developers, and non-profit housing specialists met to form an initial Board of Directors. The experience, occupation or position in the region of each board member broadly represents the communities and the residents of the four county area.

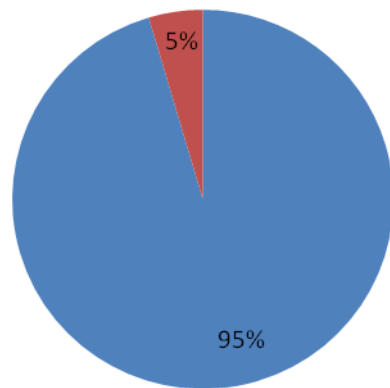
The Northeast Iowa Regional Housing Trust Fund (NEIRHTF), through U.E.R.P.C. Housing, Inc., is duly organized as a nonprofit corporation incorporated in the State of Iowa (Attachment D). The NEIRHTF is governed by its Board of Directors, who shall act on behalf of the communities and residents of the four county region per the bylaws amended for the Trust Fund (Attachment E). The NEIRHTF, through U.E.R.P.C. Housing, Inc., is a 501(c)(3) non-profit organization (Attachment F).

All of the region's communities have been given the opportunity to participate and adopt resolutions of support for the NEIRHTF. To date, 29 of the 33 communities with populations greater than 100, and all County Boards of Supervisors have passed resolutions or provided letters of support. The chart to the right demonstrates the population of the region represented by the adopted resolutions and letters of support. The NEIRHTF will serve all low income residents in the four county region.

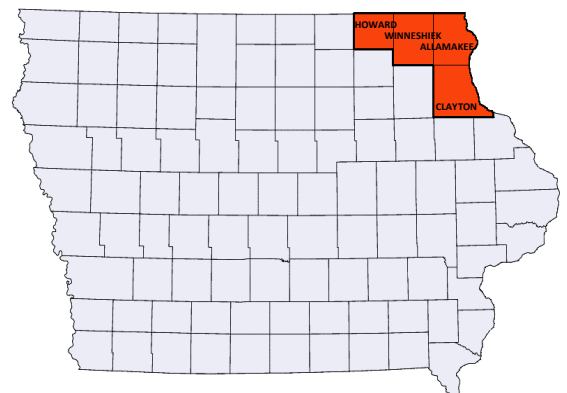
## Area Served:

The NEIRHTF will serve four counties covering nearly 2600 square miles in northeast Iowa: Allamakee, Clayton, Howard and Winneshiek. The total population of the region is 62,501<sup>i</sup> and is distributed in 39 incorporated cities (57%) and surrounding rural areas (43%). 44% of the urban population resides in the three largest communities of Decorah, Waukon and Cresco.

## Supporting Population

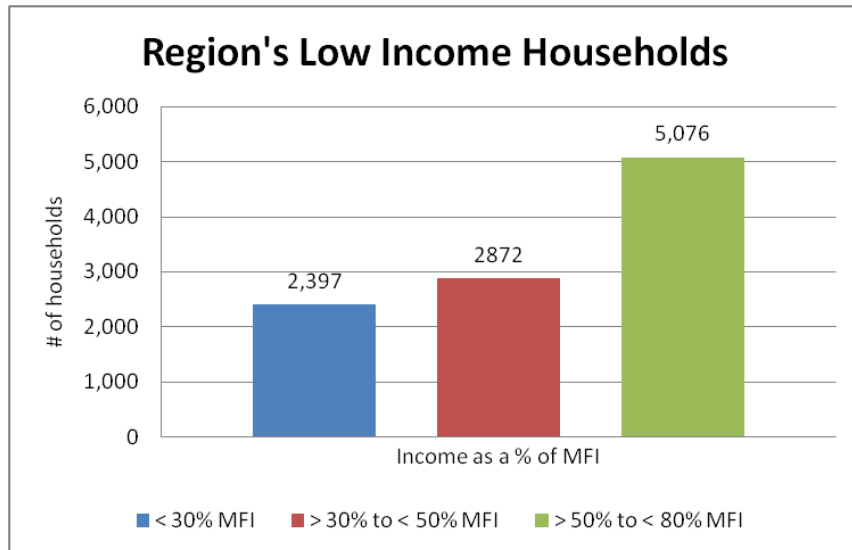


- Resolutions/Letters of Support Received
- Resolutions/Letters of Support Outstanding



## Need for Activities:

**Low Income Residents.** In 2007 the region had an average per capita personal income of \$31,486. This was 90% of the state average<sup>ii</sup>. Nearly 11% of the population is below poverty<sup>iii</sup>. The averaged Median Family Income (MFI) for the region is \$54,770<sup>iv</sup>. On average, 41.57% of the households in the region fall into the low income (<80% MFI) category<sup>v</sup>. A recent survey by Northeast Iowa Community Action of stakeholders in the four county region identified a lack of affordable rental housing as a major concern in their respective areas. According to Bev Krambeer, Housing Supervisor with Upper Explorerland Regional Planning Commission, and Mark Kvammen, Housing Program Director for Northeast Iowa Community Action, there are a total of 173 families on waiting lists for approved Section 8 Housing in the four county region.



**% of Region's households  
<80% MFI**

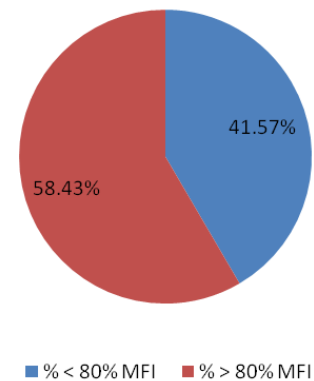


Chart Data Source: Department of Housing and Urban Development, SOCDs CHAS Data

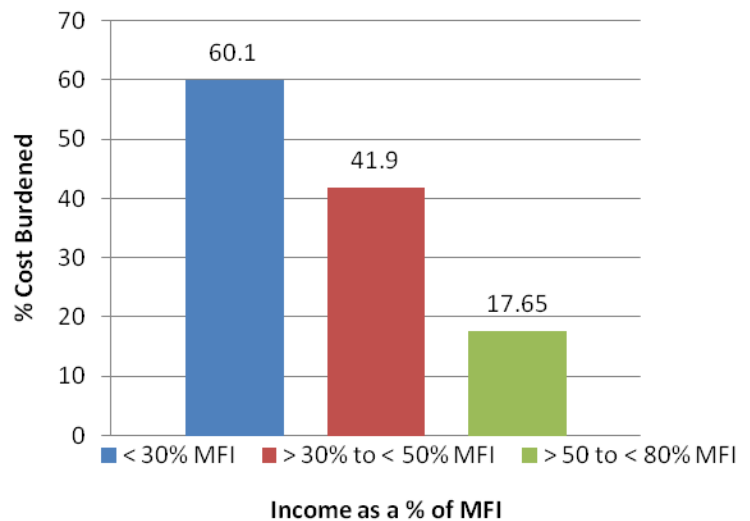
**Housing: Age and Condition.** The four county region has 29,692 housing units. Of these, nearly 45% were built prior to 1940 and 82% were built prior to 1980<sup>vi</sup>. This high percentage of older housing in the region represents probable exposure to maintenance issues inherent in older homes: plumbing, electrical, roofing, energy efficiency and, for many, handicap accessibility. According to HUD, housing units built prior to 1980 contain the highest potential for lead paint hazards. These are all challenges to low income families and elderly residents, both as homeowners and renters, as well as owners of rental property. The condition of the region's housing stock is also a factor in the length of the Section 8 waiting list. Units in poor condition cannot meet the standards set for the program. The aforementioned survey by Northeast Iowa Community Action also identified home rehabilitation as the number one housing need in the area.

**Affordability Challenges.** 41.5% of the region's households fall below the 80% threshold of median family income<sup>vii</sup>. Data from HUD shows that in the four counties, an average of 32% of all low income households are considered cost burdened (over 30% of income is spent on housing costs). Both homeowners and renters face affordability challenges in housing. 35.6% of the region's low income (<80% MFI) households are renters, of that population, 33.3% are elderly. In fact, elderly residents, homeowners and renters alike, make up 44.4% of the low income households<sup>viii</sup>.

In the four county region, the Fair Market Rent (FMR) for a two-bedroom apartment is \$540, the state minimum. For working families, in order to afford fair market rent and utilities, without paying more than 30% of income on housing, a household must earn at least \$1800 monthly or \$21,600 annually. This translates into an hourly wage of \$10.38. Minimum wage is \$7.25, in order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 57.29 hours per week, 52 weeks per year.

Or, a household must include 1.43 minimum wage earner(s) working 40 hours per week year-round in order to make the two-bedroom FMR affordable. In the region, the estimated mean (average) wage for a renter is \$9.58 an hour. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 43.36 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.08 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable. On average, 35% of the region's renters are unable to afford the two-bedroom fair market rent<sup>ix</sup>. According to the 2008 Northeast Iowa Regional Laborshed Analysis, the industries employing the most workers were healthcare and social services, manufacturing, education and wholesale and retail trade. The entry level wages from the four county region in these employment areas averaged \$9.11, well under the housing wage of \$10.38 per hour<sup>x</sup>.

### Cost Burdened Low Income Households



### Priorities/Preferences:

The Northeast Iowa Regional Housing Trust Fund will assist individuals, community organizations, non-profit and for-profit developers in rehabilitation, repair, and creation of projects that improve the condition of, or contribute to the development of both rental and owner occupied affordable housing in the four county region. Additional assistance will be available for first-time homebuyers for down payment, closing costs and, if necessary, rehabilitation in conjunction with home purchase. Projects and activities funded will serve households with incomes less than 80% of the HUD or MRB median family income, depending on unit ownership. At least 30% of the distributions will be used to benefit extremely low income households (households with less than 30% of the designated median family income).

- Priority will be given to projects addressing repair and rehab issues in our aging housing stock that benefit low income level residents. (i.e. plumbing, electrical, roofing, structural, energy efficiency, lead paint issues and handicap accessibility). The Board will consider both owner-occupied and rental properties, with loan details varying depending on the applicant's situation, as detailed in the program guidelines.
- By assisting first-time homebuyers with the biggest hurdle to homeownership: down payment and closing costs, the NEIRHTF hopes to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities.
- The Northeast Iowa Regional Housing Trust Fund will also prepare to conduct further housing needs assessments. With a new census approaching, the Board will benefit from a comprehensive housing needs assessment to assist in identifying the projects and activities to prioritize in the region. It is the Board's intention to collaborate with area partners to complete the assessment upon release of the next census data. In addition to planning for a comprehensive study, the board can immediately begin to identify needs through the following:
  - ▶ Homelessness survey information. Partnering with the Northeast Iowa Housing and Homeless Alliance, Cedar Valley Friends of the Family and other community agencies whose mission it is to assist the homeless, to determine need and appropriate type of assistance for this population.

- ▶ Transitional housing needs. Partnering with Parent Share and Support, Helping Services for Northeast Iowa, Living Stone and other community agencies to determine suitable and feasible assistance.
- ▶ Minority housing issues. Partnering with various diversity representatives from area agencies such as Opportunity Homes, Emergency Management Coalition and the Decorah Faith Coalition to identify areas in which we can feasibly assist. Opportunity Homes works with disabled persons and the Emergency Management and Decorah Faith Coalitions have been assisting the minority populations in Allamakee and Winneshiek counties.

Priorities may change as new needs are identified and as the fund grows, more resources can be dedicated to larger projects and larger financial considerations.

### **Collaboration:**

Working with the four County Boards of Supervisors, economic development professionals from each county, and the Mayors and Councils of the supporting communities, the Northeast Iowa Regional Housing Trust Fund will establish relationships with several agencies in the region that provide affordable housing and related services. These agencies include Northeast Iowa Community Action Corporation Services (Housing Program, Low Rent, CACFP, Health, Community Outreach, Transportation, Energy, FADSS), Upper Explorerland Regional Planning Commission and Region 1 Employment and Training.

The NEIRHTF will also seek to partner with other public and private human services providers such as the Northeast Iowa Housing and Homeless Alliance, Cedar Valley Friends of the Family, Helping Services for Northeast Iowa, the Good Samaritan Society, NE Iowa Behavioral Health, Central Community Hospital, the Department of Human Services, USDA Rural Development, and the County Extension Offices to identify residents with greatest needs, as well as spread the word about the Trust Fund.

Iowa State University Extension Community Development Field Specialists will continue to assist with board development training and land use planning consultations. The board will partner with the Iowa Finance Authority (IFA) as a source of funds so that developers and county residents may receive information on, and participate in, agency programs such as; Firsthome Program, Single Family Construction Loan Financing, Multifamily Preservation Loan Program, and Main Street Revitalization Loan Programs.

### **Area Benefit:**

The mission of the NEIRHTF is to ensure that residents in the four county region have access to well-maintained, safe and affordable housing. The Housing Assistance Plan will encourage this to happen. The main benefit to the area will be to improve the housing stock by providing much needed funds for home rehabilitation for those who may otherwise be unable to secure funds from traditional sources. The plan will also improve the quality and accessibility of home ownership for the region's residents, provide assistance to young families, and perhaps allow seniors to remain longer in their homes. The rehabilitation of homes will add to the number of available housing units and slow the deterioration of the existing units. The NEIRHTF provides an opportunity to bring all geographic, social, and economic strata of the region together for a united cause and restore pride in our communities and counties. By addressing low income housing issues, the quality of life for all of the region's residents will improve.

## Program Guidelines:

### Types of projects/activities:

- Eligible properties include both owner occupied and rental units in the region.
- Eligible projects include first-time homebuyer assistance, and rehabilitation and repairs of existing housing, including, but not limited to: plumbing, electrical, roofing, structural, energy efficiency, lead paint issues and handicap accessibility.

### Types of investments:

- The NEIRHTF will consider financial assistance in the form of partial funding or full funding depending on the project and borrower circumstances.
- The NEIRHTF will finance projects through loans, both forgivable and non-forgivable. Type of loan and interest, if any, will be based on borrowers income, assets and monthly housing expenses. Payments may be deferred or amortized as fits the circumstance.

### Terms/Conditions:

- Affordability period will be scaled to the level of assistance provided, initially 5 years. A mortgage, receding forgivable or repayable, will be required as security.
- Loan will be paid in the event that occupancy or ownership conditions change during the loan term.
- Inspections, upon completion of the proposed project, will be required.
- To be eligible for first-time homebuyer assistance, individuals must be interested in purchasing single family housing. A first-time homebuyer is defined as an individual and his or her spouse who have not owned a home during the three-year period prior to the purchase of a home with this assistance. NEIRHTF funds may be used to purchase one- to four- family housing, condominium unit, cooperative unit, or manufactured housing. Rehabilitations, if necessary, must be completed within one year of the home purchase.

### Funding Limits:

- Rehabilitation and repair funding limits will initially be set at a maximum of \$10,000 per project, rental or owner occupied. The Board reserves the right to consider projects amounts over \$10,000.
- The amount of first-time homebuyer assistance provided may not exceed \$5,000.

### Income Limits:

- Any applicant for funding will be required to demonstrate the benefit to low income (<80% of the greater of: the MRB income limits as periodically published by IFA, or the statewide MFI limits as published annually by HUD. For rental projects <80% of the statewide MFI)
- The NEIRHTF will work to ensure that at least 30% of the eligible projects benefit extremely low income (<30% of the greater of: the MRB income limits as periodically published by IFA, or the statewide MFI limits as published annually by HUD. For rental projects <30% of the statewide MFI) residents by partnering with cooperating agencies such as Parent Share and Support, Northeast Iowa Community Action Coalition, Northland Agency on Aging, Upper Explorerland Regional Planning Commission, Habitat for Humanity, and Helping Services for Northeast Iowa to obtain referrals and distribute NEIRHTF program information.

### Eligibility Requirements:

- Owner occupied requirements: Applicant must occupy the property and maintain the improvements for the life of the loan. Property must be in compliance with health and safety codes. For rehabilitation and repair projects, applicant must have title at time of application. Taxes and insurance must be current.
- Rental requirements: Units must be rented to households with incomes not more than 80% of the statewide MFI. All dwelling units must rent at or below the region's FY FMR as determined by HUD throughout the life of the loan. Applicants may be required to provide matching funds toward the project cost. Units must, at the completion of project, meet Sec. 8 Housing Quality Standards and be in compliance with all applicable local health and safety codes. Taxes and insurance must be current.

#### Underwriting Requirements:

- Applicants must demonstrate the capacity to complete the project and provide sufficient documentation supporting the feasibility of a proposed project.
- Applicants will be required to obtain one or more quotes from the entity providing the improvement to the property and the trust fund will pay the provider of the improvement directly. On some occasions, the NEIRHTF may require bids to be received.
- Down payment assistance shall be allowed only for the purchase of a primary residence by means of a fully amortized mortgage loan from a regulated lender featuring a rate of interest that is fixed for at least 5 years and that has a term not to exceed 30 years. First-time homebuyers must attend 8 hours of homebuyer counseling from a HUD-approved housing counseling agency.

#### Leverage Requirements:

- In some cases, applicants may be required to provide matching funds toward the project. Borrower income level, circumstance, need, and project scope will all be considered.

#### Administration:

- The NEIRHTF plans to utilize the services of Upper Explorerland Regional Planning Commission to administer the program. This will include accepting applications, verifying eligibility, project coordination, and managing the distribution and collection (if required) of payments.

### **Fundraising:**

The Northeast Iowa Regional Housing Trust Fund Board, with assistance from Upper Explorerland Regional Planning Commission has applied for a Housing Preservation Grant through USDA-Rural Development. We will also continue to apply to the Community Foundations of Northeast Iowa and its regional affiliates and will continue to research other funding sources. We will also be meeting with local developers and other community leaders to raise income. Through UERPC, the NEIRHTF intends to meet with communities to address matching funds from each using a variety of sources, for example: Infrastructure improvements, TIF, Enterprise Zone, Brownfields, favorable loan programs, employer assisted housing, Equity contributions, and 25% in-kind and the potential for per capita funding from each city based on population. The Federal Home Loan Bank, Federal Housing Administration (FHA), United States Department of Agriculture (USDA), the Department of Housing and Urban Development (HUD), and the Iowa Department of Economic Development (IDED) are also potential future funders of the trust, given the broad availability of grant and loan programs administered through these entities. The Northeast Iowa Regional Housing Trust Fund will explore all of these avenues to ensure continued funding and growth of the organization.

### **Extremely Low-Income Needs:**

Nearly 10% of the region's population falls into the extremely low-income category, of those, over 47% rent, and over 52% are elderly<sup>xi</sup>. As previously noted the region has a waiting list for Section 8 housing, not because of the lack of units, but rather because of the lack of *qualified* units. The NEIRHTF hopes to provide incentive for landlords to make rehabilitation and repair investments on their rental properties. Most elderly residents are on fixed incomes, and unlike younger residents, have no potential to increase that income over time. By creating the Trust Fund, these residents will have a place to turn for financial assistance to ensure that needed repairs are completed, and homes remain safe and decent for our elderly population. At least 30% of the Trust Fund's distributions will be targeted to assist the extremely low-income needs of the region.

## **Continuum of Housing Needs:**

The Northeast Iowa Regional Housing Trust Fund plans to address the continuum of housing needs from homelessness, to transitional, to rental, to homeownership not only by implementing the Housing Assistance Plan, but also by partnering with other regional agencies whose mission it is to address housing needs at each level. For example, Cedar Valley Friends of the Family is an area agency whose purpose it is to provide victims of domestic violence and sexual assault with emergency temporary shelter and transitional housing, among other services. In the past year alone, this group has assisted 219 new victims and has provided 1458 nights of shelter.<sup>xii</sup> Another group focused on transitional housing, Helping Services of Northeast Iowa, served 382 unduplicated women, men and children in the region in all of its advocacy services in the last year. 15 of those indicated a need for transitional housing with 79 indicating this need in the past 3 years. The program had 2 units of transitional housing from 2007 until June 2009 supported in cooperation with area faith communities who paid the rent on 2 apartments. During that time they provided 529 nights of shelter<sup>xiii</sup>. This program has temporarily closed due to lack of funding. According to Helping Services, a typical user of transitional housing is a victim of domestic violence with children who wish to leave an abusive relationship but do not have the financial means to set up a new residence. They do not need safe shelter, but a chance to save money to rent their own unit of housing. This is a potential area for assistance from the Trust Fund. The NEIRHTF will support Cedar Valley Friends of the Family, Helping Services for Northeast Iowa, and other organizations, to provide well-maintained and safe housing for this population.

The region has a local Continuum of Care planning body in the area, the Northeast Iowa Housing and Homeless Alliance. This Alliance is a cooperative network comprised of non-profit organizations, community and church groups, local government representatives, public housing, law enforcement agencies, businesses, hospitals and area service providers; it meets on a regular basis to discuss homeless needs in Allamakee, Bremer, Buchanan, Butler, Chickasaw, Clayton, Fayette, Howard and Winneshiek counties. There are currently 144 entities represented. The Northeast Iowa Housing and Homeless Alliance meet 3-4 times per year in West Union, IA, which is centrally located within the nine counties of the Alliance. Special committees meet on an additional basis throughout the year. A recent point in time survey conducted in 9 counties of NE Iowa by the Northeast Iowa Housing and Homeless Alliance noted that 12 individuals and 51 persons in families (adults and children) were homeless. Cedar Valley Friends of the Family (CVFF) was a member of the original Continuum of Care when it was formed in 1998, and was also one of the agencies primarily responsible for its formation. CVFF maintains a leadership role in this redesigned and expanded entity. This Alliance is active and has recently applied for funds through the American Recovery and Reinvestment Act (ARRA) to be used for Homeless Prevention & Rapid Re-housing in the region. The Northeast Iowa Community Action Corporation is considered the Northeast Iowa Regional Homeless Coordinator and works through the Alliance to assist this population.

## **Conclusion:**

In conclusion, the Northeast Iowa Regional Housing Trust Fund will be a strong organization with the mission of providing access to well-maintained, safe and affordable housing in both the rural and urban areas of the Northeast Iowa counties of Allamakee, Clayton, Howard, and Winneshiek. Through strong collaboration with area agencies and governments, the low income residents of these four counties will have access to many programs to ensure improved homes, improved health, and overall, improved lives, regardless of their position on the continuum of housing needs.

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<sup>i</sup> U.S. Census Bureau: State and County QuickFacts, Population Estimates

<sup>ii</sup> U.S. Department of Commerce, Bureau of Economic Analysis, 2007 Regional Economic Accounts

<sup>iii</sup> U.S. Bureau of the Census, Quickfacts

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- <sup>iv</sup> Department of Housing and Urban Development, Income Limits Documentation System
  - <sup>v</sup> Department of Housing and Urban Development, SOCDS CHAS Data
  - <sup>vi</sup> U.S. Bureau of the Census, Census 2000, Table DP-4
  - <sup>vii</sup> Department of Housing and Urban Development, SOCDS CHAS Data
  - <sup>viii</sup> Department of Housing and Urban Development, SOCDS CHAS Data
  - <sup>ix</sup> National Low Income Housing Coalition
  - <sup>x</sup> Compiled from Iowa County Wage Surveys, Iowa Workforce Development
  - <sup>xi</sup> Department of Housing and Urban Development, SOCDS CHAS Data
  - <sup>xii</sup> Cedar Valley Friends of the Family Shelter Stats, 08-09
  - <sup>xiii</sup> Helping Services of NE Iowa, Domestic and Sexual Abuse Resource Center, 08-09