

COG Housing, Inc. Housing Trust Fund

2018 Housing Assistance Plan



Approved September 20, 2018

Introduction

The 2018 Housing Assistance Plan (HAP) for the COG Housing, Inc. Local Housing Trust Fund HAP was prepared to meet the requirements of the Iowa Finance Authority (IFA) State Housing Trust Fund 2018 Allocation Plan. This plan has several specific objectives, which are as follows:

- Summarize housing needs and the gaps in the COG Housing service area;
- Identify goals and objectives of the Local Housing Trust Fund;
- Outline in general terms the activities and projects the Local Housing Trust Fund may undertake, including sources and uses of funds;
- Address the economic, social, health and/or other benefits to be realized as a result of the implementation of the plan;
- Address the program guidelines; and,
- Describe general administrative procedures for the Local Housing Trust Fund, including a staffing plan.

As is the case with any program, the needs, goals and objectives change over time. This document is intended to be updated and modified as required by IFA or as is determined necessary by the board and staff.

Area Served

COG Housing, Inc. serves the same area as the 28E Agreement membership of Region XII COG, formed in 1973 based upon recommended regional boundaries as a result of a State of Iowa study. The COG Housing service territory includes all rural and urban areas in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac Counties in western Iowa. A map of the COG Housing service area can be found on the next page. Cities and counties included in the service area and their 2016 American Community Survey population estimates are as follows:

AUDUBON COUNTY 5,793

Audubon.....	2,043
Brayton.....	145
Exira.....	881
Gray.....	160
Kimballton.....	339

CARROLL COUNTY..... 20,555

Arcadia.....	539
Breda.....	438
Carroll.....	9,990
Coon Rapids.....	1,371
Dedham.....	256
Glidden.....	1,422
Halbur.....	243
Lanesboro.....	139
Lidderdale.....	120
Manning.....	1,509
Ralston.....	78
Templeton.....	384
Willey.....	130

CRAWFORD COUNTY..... 17,147

Arion.....	126
Aspinwall.....	18
Buck Grove.....	19
Charter Oak.....	596
Deloit.....	372
Denison.....	8,326
Dow City.....	463
Kiron.....	262
Manilla.....	975
Ricketts.....	124
Schleswig.....	806
Vail.....	478
Westside.....	329

GREENE COUNTY..... 9,083

Churdan.....	410
Dana.....	78
Grand Junction.....	838
Jefferson.....	4,207
Paton.....	245
Rippey.....	207
Scranton.....	565

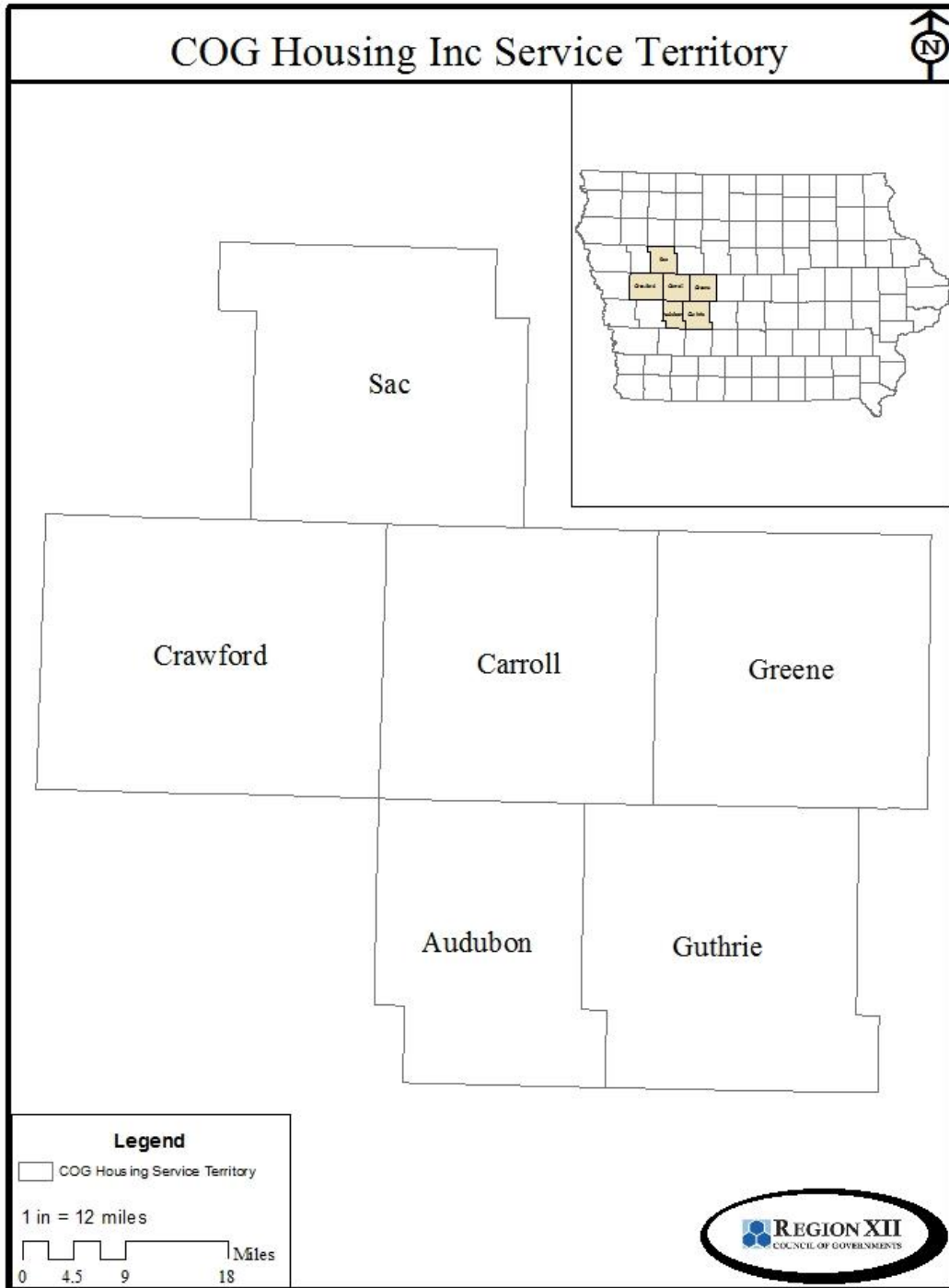
GUTHRIE COUNTY..... 10,691

Bagley.....	335
Bayard.....	455
Casey.....	391
Guthrie Center.....	1,650
Jamaica.....	242
Menlo.....	410
Panora.....	1,097
Stuart.....	1,528
Yale.....	287

SAC COUNTY..... 10,034

Auburn.....	302
Early.....	699
Lake View.....	1,002
Lytton.....	290
Nemaha.....	100
Odebolt.....	1,016
Sac City.....	2,185
Schaller.....	795
Wall Lake.....	777

TOTAL REGION..... 73,303



Purpose & Organization

COG Housing, Inc. was founded to assist in the expansion of housing opportunities for low and very low income families and individuals in the region. COG Housing, Inc. is a non-profit corporation sponsored and staffed by Region XII COG. For ease of administration and service to clients, the COG Housing Trust Fund functions as a part of Region XII COG, a unit of government with experience in providing housing programs and services for low income families since 1991. COG Housing and the HTF are not intended to compete with existing services and programs offered by Region XII COG or other agencies, but rather compliment and expand upon those efforts.

Whereas many housing trust funds are operated strictly as pass-through organizations, the COG Housing Trust Fund has historically directly served housing clients. COG Housing may choose to provide pass-through funds to further the goals of this plan, a decision that will be made on a case-by-case basis as projects or opportunity dictate. Pass-through funding is not prohibited, but is not anticipated at this time to be a major activity. COG Housing may also develop some projects in-house or in concert with Region XII COG.

The LHTF is operated by Region XII COG's Local Assistance Department. Region XII COG currently administers many various types of housing programs. The COG's primary emphasis has been housing rehabilitation, but significant resources have been dedicated to down payment assistance in support of homeownership. The COG has developed and secured funding for over fifty CDBG and HOME owner-occupied city/county rehabilitation and down payment programs in the last twenty-five years. COG staff have also utilized funds from USDA and the Federal Home Loan Bank as well as several one-time initiatives as funding was made available. The COG has been involved with new rental construction, speculative affordable housing financing, housing subdivisions, rental unit rehabilitation, and lead hazard remediation.

COG Housing, Inc. Board

The COG Housing board has been set up to provide a balance in representation from each of the six counties. Half of the board is made up of the six executive board members of Region XII COG, are of whom are county supervisors. The remaining six members were selected for their professional knowledge of various housing issues.

AUDUBON COUNTY

Rick Thompson, County Supervisor (Exira)
Shan Lange, Landmands National Bank (Audubon)

CARROLL COUNTY

Marty Danzer, County Supervisor (Carroll)
Jim Gossett, Raccoon Valley REC (Carroll)

CRAWFORD COUNTY

Eric Skoog, County Supervisor (Denison)
Coletta Weeda, (Denison)

GREENE COUNTY

John Muir, County Supervisor (Rural Rippey)
Linda Eighmy, Realtor, Jefferson Iowa Realty (Jefferson)

GUTHRIE COUNTY

Jack Lloyd, County Supervisor (Bayard)
Julie Larsen, (Rural Guthrie Center)

SAC COUNTY

Ranell Drake, County Supervisor (Odebolt)
Steve Spotts, Iowa State Bank (Sac City)

Need

Workforce housing has become a critical need in Iowa, especially in rural areas. Lack of new starts and an aging housing stock that is not feasible to replace or rehabilitate plagues the region's ability to produce enough housing for workers and others wishing to locate here. Lack of housing is a common complaint among the region's major employers. Housing tools are numerous, but are increasingly becoming loan-based instruments that require financial expertise in order to structure sound deals, not to mention finding sponsors with the debt capacity or financial resources to ensure project success.

Rural markets make margins slim for private investors, and affordable housing, whether single-family or multi-family, does not provide the return desired, if any return at all. Historic programs such as CDBG and HOME are seeing less money in the face of higher competition, and many layers of rules make the programs unworkable or cost-intensive for the few projects that can be completed. Even if these programs receive more money, they have not historically added to the housing stock, only helped to ensure that the existing housing stock remains habitable.

Grant money is scarce and becoming even rarer as income, poverty rates, and the age of housing all combine to justify more investment. Unfortunately, sources other than federal are tapped as well. Be it weatherization, FHLB, Habitat for Humanity, or small sporadic grant opportunities, the need for rehabilitation is ever-growing. The availability of housing trust funds has helped to answer this need, and the ability of the fund to be flexible is unique and of great benefit. Like other programs, funding is limited. Investments must be chosen carefully.

The increased awareness and use of housing assistance programs led to the preservation of many existing units. Down-payment programs helped to provide a stronger market for new homes. Unfortunately, with the financial situation that federal, state, and local governments are facing, resources for housing are becoming limited and more difficult to obtain. Several programs created during better economic times or those with a healthier state budget have ended. Exacerbating this issue are more regulations (which are choking out effectiveness) and the desire of some funding agencies to concentrate state investments on larger units, or coupled with programs (such as the Low Income Housing Tax Credit program) that bundle assistance to ensure cash flow.

The need for rehabilitation is pervasive across single family and multi-family homes. The need for new units is similar.

This section of the Housing Assistance Plan includes an analysis of various information including demographics, current conditions, past studies, and other sources that lead to the program goals for the COG Housing Trust Fund.

Population & Household Information

POPULATION

POPULATION	Iowa	Audubon County, Iowa	Carroll County, Iowa	Crawford County, Iowa	Greene County, Iowa	Guthrie County, Iowa	Sac County, Iowa
2000	2,926,324	6,830	21,421	16,942	10,366	11,353	11,529
2010	3,046,355	6,119	20,816	17,096	9,336	10,954	10,350
2014	3,078,116	5,935	20,702	17,259	9,232	10,794	10,162
2016	3,106,589	5,793	20,555	17,147	9,083	10,691	10,034
CHANGE	+180,265	-1,037	-866	+205	-1,283	-662	-1,495

Source: 2000-2010 US Censuses, American Community Survey 2012-2016 5 Year Estimates

Population varies greatly in different areas of the region. Carroll County is the largest county, partly due to the City of Carroll, which is the largest city in the region. Audubon County has significantly fewer people, and the other counties fall somewhere in between. Figures from the 2000 and 2010 Censuses and the 2014 and 2016 American Community Survey show great differences in rates of population growth and decline. Crawford County saw slight growth in the 2000's, attributed to the growth in its Hispanic population, while the other counties experienced a decline in population, in part due to the aging population in rural Iowa.

MEDIAN HOUSEHOLD INCOME

HOUSEHOLD INCOME	Iowa	Audubon County, Iowa	Carroll County, Iowa	Crawford County, Iowa	Greene County, Iowa	Guthrie County, Iowa	Sac County, Iowa
Median household income in 2000	39,469	32,215	37,275	33,922	33,883	36,495	32,874
Median household income in 2011	49,545	45,310	49,251	44,197	44,271	47,762	49,480
Median Household Income in 2014	52,716	47,556	48,998	47,437	47,255	50,238	48,581
Median Household Income in 2016	54,570	47,048	53,785	49,699	47,264	52,702	49,570
CHANGE	+15,101	+14,833	+11,723	+15,777	+13,381	+16,207	+16,696

Source: Iowa Trends – U.S. Census Bureau, American Community Survey 2012-2016 5 Year Estimates

According to US Census and American Community Survey figures, the median household income is fairly constant throughout the region. The slightly higher median income in Guthrie County may be due primarily to the large number of professional and industrial positions offered in the Des Moines metro area, which is a short commute using Interstate 80 of Iowa Highway 44. Regardless, as an average, the median income the region falls below that of the state, indicating the possibility that there is a greater number of low and moderate income families, and demonstrating that resources for housing are not as great as in the state as a whole.

NUMBER HOUSING UNITS COMPARISON

HOUSING UNITS	Iowa	Audubon County, Iowa	Carroll County, Iowa	Crawford County, Iowa	Greene County, Iowa	Guthrie County, Iowa	Sac County, Iowa
2000	1,232,511	2,995	9,019	6,958	4,623	5,467	5,460
2010	1,336,417	2,990	9,389	6,915	4,524	5,744	5,401
2014	1,348,151	2,991	9,402	6,959	4,530	5,775	5,424
2016	1,362,619	2,991	9,415	7,002	4,541	5,747	5,396
CHANGE	+116,383	-4	+396	+44	-82	+336	-64
% of homes built before 1940	26.3	39.8	28.2	35.7	39.6	34.5	41.2
% of homes built before 1960	42.2	62.1	45.5	49.2	58.5	46.0	61.1

Source: 2000-2010 US Census, American Community Survey 2012-2016 5 Year Estimates

A large percentage of the housing stock in the region is very old. While certainly many older homes have been rehabilitated over the years, many are still in need of rehabilitation. This is especially true considering the decrease in the number of housing units in two out of the six counties. In much of the region, over half of the housing units were built before 1940. Those homes built before 1978 have the potential to contain lead-based paint, which can potentially cause numerous health problems, especially in children and the elderly. The chart above shows the percentage of homes within each county which were built before 1940 as well as the percentage of homes built before 1960. The assumption regarding lead based paint hazards is backed up by a publication of Heather MacDonald of the University of Iowa, entitled "Housing & Community Development in Iowa: Meeting the Challenges of the Next Decade." In this report, most of the six-county region is estimated to have over 65% of the homes containing lead paint. While this study has some age on it the landscape of housing in the region has not changed much

Audubon County shows the most acute need for newer housing units. Carroll and Guthrie Counties show the greatest number of newer units in line with having seen more construction in the last 15 years, but still have an older housing stock overall.

Housing Needs Assessments

Beginning in 1996, IEDA began to provide funding to cities and counties to complete housing needs assessments. Most of these assessments were completed by Region XII COG staff when funds were available. As the funding dried up so did the impetus of many communities to complete studies. Some cities have completed studies in order to qualify for certain grants, and others have studied housing without doing a complete assessment. Carroll County has the newest county-wide document, but Crawford's should be complete soon and both Sac and Audubon Counties are contemplating updates.

<u>COUNTY ASSESSMENT</u>	<u>YEAR COMPLETED</u>	<u>UPDATED</u>
Audubon County Housing Needs Assessment	1997	2004
Carroll County Housing Needs Assessment	2016	N/A
Crawford County Housing Needs Assessment	Pending	N/A
Greene County Housing Needs Assessment	1999	2004
Guthrie County Housing Needs Assessment	1997	2004
Sac County Housing Needs Assessment	1998	2004

Even though most studies are old, each of the housing needs assessments contain several key housing priorities:

Owner-Occupied Rehabilitation: The most common need in the COG Housing service area is the need to make repairs to the existing aged housing stock. While some areas are seeing a degree of new housing construction, all areas (city and rural) in the six-county region have a significant number of homes built long ago. Windshield surveys conducted over the years since the studies were completed indicate strongly a need to provide programs to assist with rehabilitation.

Down Payment Assistance: Part of the assessment process in these areas included surveys of local lending and real estate officials, who reported the need to have more programs to assist first-time and move-up homebuyers with down payment and closing cost assistance.

Emergency or Relocation Assistance: The ability to offer assistance as needed or having the flexibility of program parameters makes the HTF unique. Each special need to be assisted will first be checked to ensure that other agencies or programs cannot assist to prevent duplicate funding. Examples of consideration for the very low income families include emergency furnace replacement, energy assistance, clean water, relocation from unsafe or blighted conditions (including disaster response). This type of assistance would only happen in very extreme or special needs cases.

Construction of New Housing Units/Reclamation of Housing Units. The need for workforce housing echoes the lack of newer housing units in the region. While the HTF annual allocation is not large enough to make a great impact, opportunities to create more housing units, regardless of number, may be sought. Examples of projects include acquisition and rehabilitation of vacant structures, assistance to homeowners or developers who are constructing new housing that is affordable to low or moderate income buyers or renters, down-payment assistance to qualified clients who wish to build new homes or purchase speculative affordable homes, or other activities that will support the creation of affordable housing. Acquisition and demolition of existing units is also eligible if the project will result in a new unit constructed on the cleared site. Iowa COGs’ prisoner-built housing initiative is another example of housing production, where the trust fund may provide down-payment assistance, be purchaser of a home and developer of a lot, or provide funding to the initiative up-front to be a recipient of homes once constructed. The lack of new housing created in the region for any income level is demonstrated in the chart below.

% OF UNITS BUILT AFTER 2010	Iowa	Audubon County, Iowa	Carroll County, Iowa	Crawford County, Iowa	Greene County, Iowa	Guthrie County, Iowa	Sac County, Iowa
Owner-Occupied	2.7%	0.5%	1.6%	1.3%	0.0%	2.0%	0.7%
Renter-Occupied	3.2%	0.0%	5.3%	0.6%	0.7%	0.0%	0.8%

The housing needs assessments, although most are dated, show that the primary housing needs identified in each have not changed significantly since their original preparation. Although the county-wide housing assessments are dated, many cities throughout the region have completed individual housing studies through windshield surveys and assessments for grants.

II. Goals

The following goals and activities have established for COGH HTF. While there are other areas of housing that are certainly in need of attention, the most impact can be made by not trying to spread a small amount of money around to multiple types of projects. Areas of greatest need in the region are those to be addressed. Preserving the region's housing stock, facilitating homeownership of persons with low and moderate incomes, creating new affordable housing units, and meeting emergency needs will be the HTF's main housing goals to be met.

1. PRESERVATION THROUGH REHABILITATION

The trust fund will provide grants and/or financing to low and moderate income families for general rehabilitation activities. Efforts will be concentrated on major health and safety issues including repairs such as furnaces, electrical work, plumbing, roofs, and energy efficiency items (windows, insulation, weatherproofing, etc.).

Using COG Housing Trust Funds for general home rehabilitation activities will compliment other programs that currently exist in the area for home repairs. The COG currently operates various home repair loan and grant programs (e.g. Federal Home Loan Bank, USDA Housing Preservation Grant) and always has loan funds available. In addition, the HTF has repaid funds available to be loaned to support the program's goals.

The COG continues to assist communities in seeking CDBG funds, but funding availability is scarce, and if awarded, only available to targeted areas of the selected communities. The need for rehabilitation is pervasive throughout the region, so this remains a primary focus of the HTF.

2. HOMEOWNERSHIP

Historically there have been several down payment assistance programs for specific communities in operation, but HTF is the only grant program available to prospective homeowners anywhere in the region.

3. NEW AFFORDABLE UNITS

The region is short housing units. The most up-to-date housing needs assessment was completed for Carroll County in 2016, and it demonstrates a need for over 600 units for low and moderate income families. What is troubling about the Carroll report is the lack of housing units for upper income persons. Because they have the ability to purchase or rent any type of housing, they are competing for the same affordable units that low income persons seek.

The situation is found region-wide as employers all report a shortage of workforce housing. The HTF will attempt, in a very small way, to increase the number of units. Activities may include acquisition/rehabilitation of vacant units, developer incentives, direct financing or new construction, acquisition/demolition/new construction, and any other opportunity that will increase housing for low and moderate income persons.

4. EMERGENCY ASSISTANCE

As communities seek to address substandard housing, at times through condemnation, persons residing in those poor conditions may need assistance transitioning to a quality, affordable unit. COGH may assist those very low income families with deposits or moving expenses once a replacement home is found either through rental assistance or other available programs. This example is only one type of emergency or necessary assistance. Families may need help as the result of a disaster or failure of a major element of the infrastructure (e.g. furnace, septic tank). Anyone provided this type of assistance will be scrutinized (was this issue the result of ignoring routine maintenance items) but the ultimate goal is to make sure people are in safe and decent living conditions.

III. Program Activities

Sources of Funds

All funding will be provided to low to moderate-income families (those with an adjusted annual income of not more than 80% of the greater of county or statewide non-metro median income limit as published annually by the Iowa Finance Authority). At least 30% of HTF funds will be reserved for persons of extremely low incomes (less than 30% of median income).

Eligible Activities & Uses of Funds

This plan was subject to a public hearing prior to its adoption. The COG Housing Board meets at least twice per years and is informed of the amount of monies received (grant and match) and the types of projects being funded. The board will review the plan to determine the level of support provided each activity and determine applicability of these activities to stated goals. It is the intent of the HTF to distribute funds as evenly as possible throughout the region, so marketing may be targeted at times. Demand usually drives the use of the funds within stated goals, although the new unit production is a new goal with unknown demand.

Previous years' funding has been provided to program clients in the form of a loan or grant depending on their adjusted gross annual income as described in the table below. Assistance from new and revolved funds will continue to be provided following this matrix.

Income Level (% of AMI)	Loan Type	Interest Rate	Term
Below 30%	FORGIVABLE	NA	5-YEAR FORGIVABLE
31% - 50%	½ REPAYABLE/ ½ Grant	2.0%	5-10 YEARS/ 5-YEAR FORGIVABLE
51% - 80%	REPAYABLE	4.0%	5-10 YEARS

Additional stipulations that apply to new HTF funds and revolved funds include:

1. Assistance provided to individuals will not exceed \$10,000 per household unless the COGH Executive Director approves an additional allocation;
2. Homeowners may receive a maximum of \$10,000 in grant funding through the program, through one or multiple grants, and are eligible for loans of revolved funds.
3. Assistance provided to support new unit construction (including acquisition/rehab or demolition) may not exceed \$25,000/unit in grant and must be repaid unless the ultimate beneficiary is shown to be at or below 80% of median income;
4. COGH will maintain mortgages on all loans and forgivable loans.

IV. Administrative Procedures

Staffing Plan

COG Housing, Inc. will be staffed by Region XII COG staff. Staffing needs to accomplish the goals of the LHTF include:

- Expert Administration: experienced staff who know how to properly administer grant funds and have demonstrated sound fiscal management practices;
- Outreach: dissemination of information on availability of programs is crucial to ensuring that those that need assistance most are aware that it is available;
- Intake & Verification: as all funds will be used for low and moderate income individuals, income verification is necessary for program participation;
- Inspection & Construction Management: determine specific structural needs and ensure proper completion of specified lead remediation and other repairs; and,
- Loan Servicing: sufficient fiscal management is necessary to ensure timely repayments are made.

All necessary staffing functions are currently available through the COG. The COG has three staff dedicated strictly to housing and one shared person with other departments. Additionally, the fiscal staff at the COG currently services all loans from existing revolving loan funds and new housing programs. The staff at the COG have decades of combined experience in housing.

Summary and Action Plan

Multiple Housing Needs.

There are multiple housing needs in the COG Housing region. The available resources are limited and will be targeted to the primary areas of need that are already known, including general home repair for low income families and homeownership opportunities. The trust fund does not and will not have funding to answer all housing needs, so the plan seeks to focus on programs best suited to a regional approach where a large impact can be made with limited funds.

2. Plan for the Future

In addition to the housing needs that are already identified and those to be identified in any future comprehensive assessment, several key activities must be addressed in order for the COG Housing Trust Fund to succeed into the future. Primary among all activities is securing long-term, committed funding for the HTF. This will include advocacy to government sources for permanent funding, and working with potential partners to secure matching funds.

3. Experienced Staff in Place

Staff members responsible for making the COG Housing Trust Fund succeed are currently in place at Region XII COG. Years of aggregate of expertise in running housing programs and identifying needs will ensure that the LHTF will help address the housing needs of the region. Additionally, the COG has financial resources beyond those of the HTF to partner successfully and meet goals stated within this plan.