

STORY COUNTY HOUSING TRUST FUND

Housing Assistance Plan

Story County



AUGUST 26, 2021

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

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Introduction

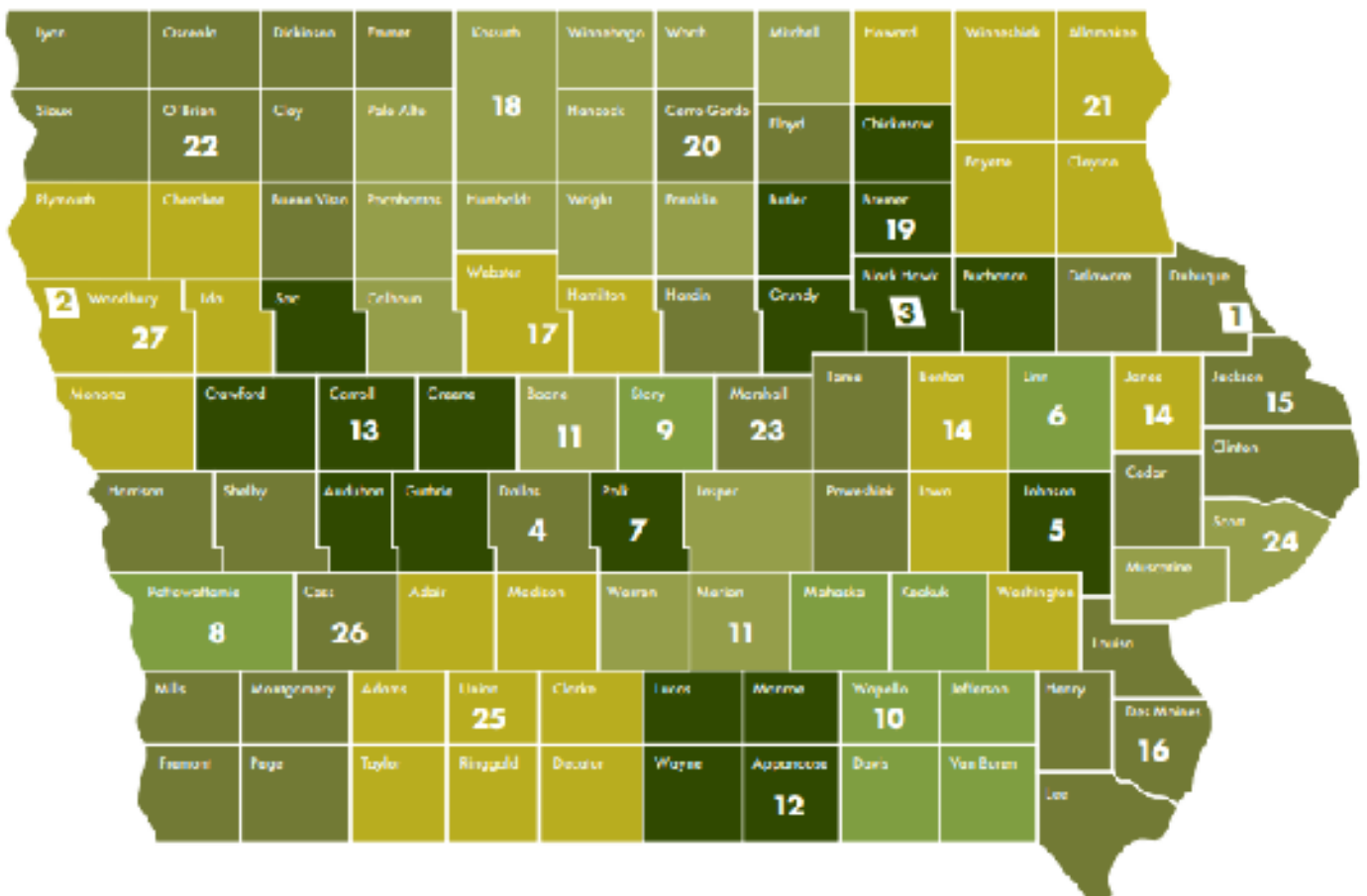
Mission Statement :

Address the housing needs of low income persons in Story County by providing innovative and flexible funding from various federal, state and local sources of revenue to produce new and preserve existing affordable housing, promote homeownership, and support homeless and transitional housing services.

Geographic area of the applicant serves :

According to the 2020 U.S. Census, Story County has a population of 98,537, which makes it the ninth most populated county in Iowa.

The largest city in Story County is Ames, with a population of 66,427 according to the U.S. Census Bureau. Ames represents approximately 67.4% of the population in Story County.

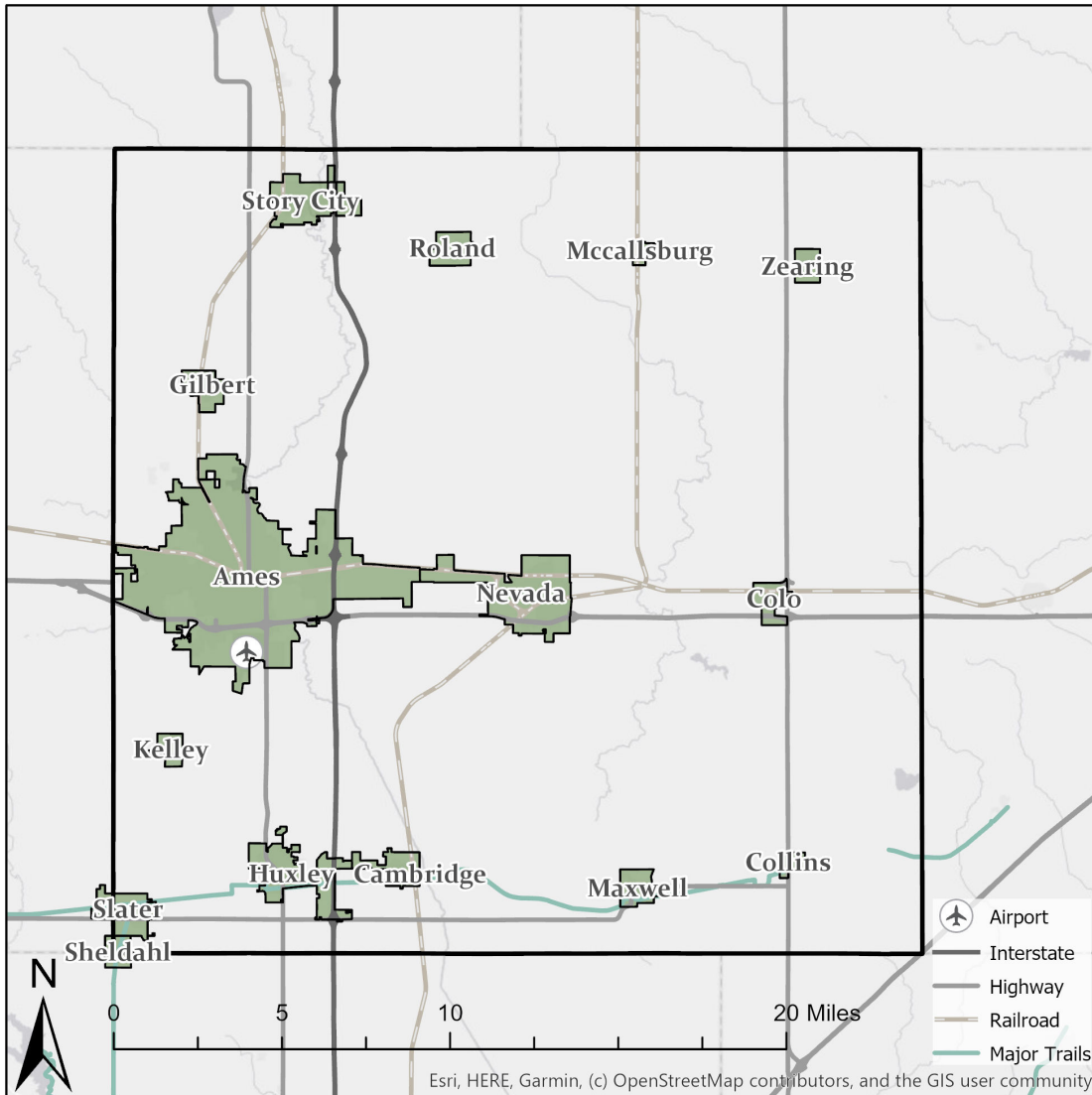


Source: Iowa Finance Authority

Introduction

Geographic area of the applicant serves :

The following map demonstrates the communities within Story County, Iowa.

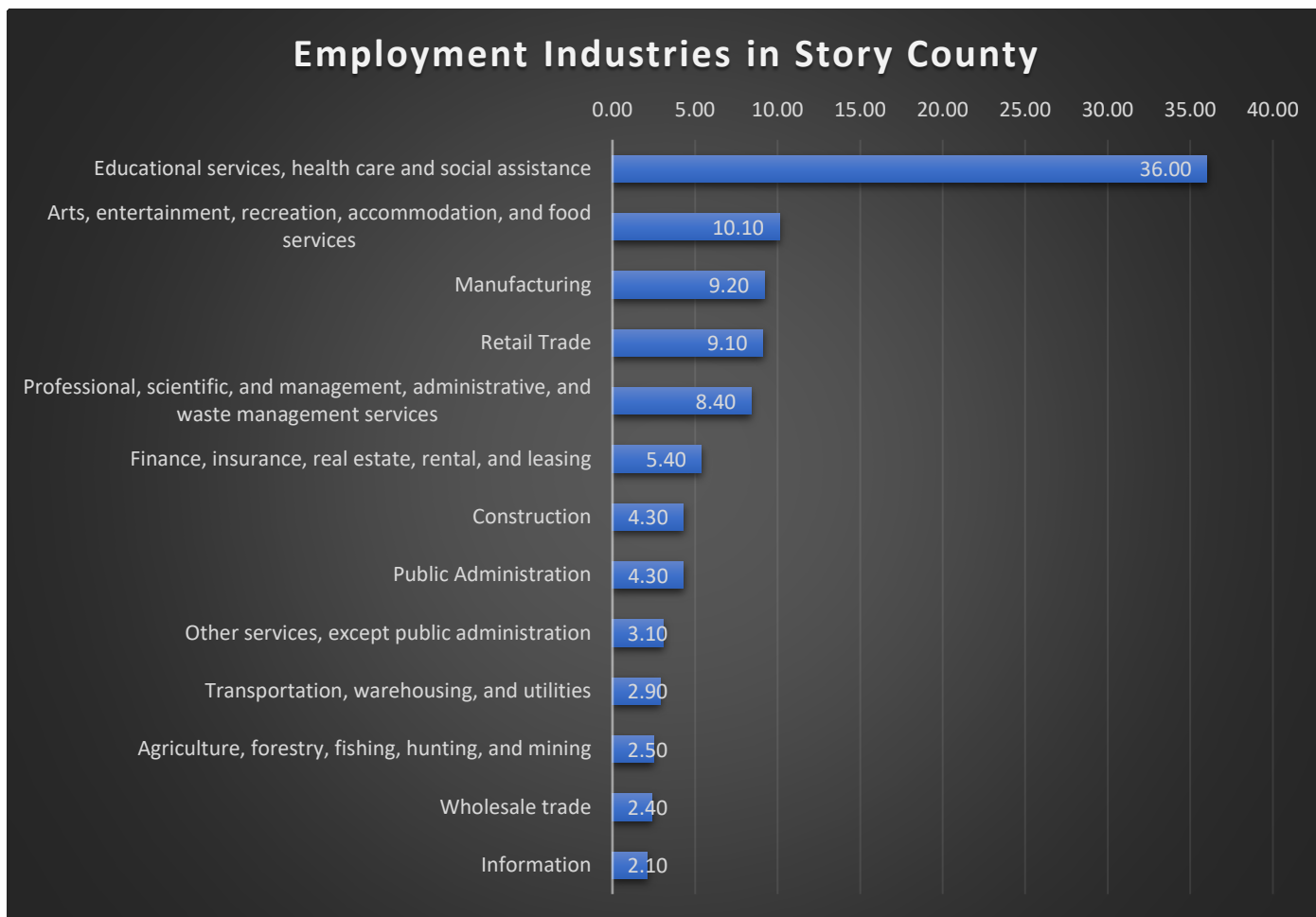


Source: Iowa DOT, Des Moines Area MPO

Introduction

Employers in the geographic area :

The majority of large employers are located in Ames, with the largest employer in the county being Iowa State University. Other large employers include the Iowa Department of Transportation, Mary Greeley Medical Center, McFarland Clinic, and Danfoss Power Solutions. 36% of the jobs in Story County are educational services and health care services.



Source: U.S. Census Bureau, 2019 American Community Survey 5-Year Estimates

Housing Needs

Gaps in housing needs in Story County and the need for the proposed activities :

Quality, affordable housing is a serious concern in Story County. With Iowa State University having a major presence in the county (representing nearly 38% of the entire county population), the majority of new housing over the last several years has focused on serving the student population. The 23% enrollment growth of the University over the last five years has created a shortage of housing, which in turn has pushed up rental rates, creating a lack of affordable housing. According to the 2019 Ames Rental Property Housing Survey, the average rent in the City of Ames was \$956 per month for a two bedroom and \$1,215 per month for a three bedroom. On a monthly basis, the rental rates in Ames are over \$100 more expensive than HUD's estimate of fair market rent for Story County:

	City of Ames (Avg.)	HUD's FMR
Two-bedroom (per month)	\$956	\$857
Three-bedroom (per month)	\$1341	\$1,191

Source:Ames Rental Property Housing Survey 2019
HUD Fair market Rent 2020

The vacancy rate in Story County is estimated at 3.8% according to the 2018 U.S. Census Bureau American Community Survey. In Ames, the reported vacancy rate was 1.8% according to the 2019 Ames Rental Property Housing Survey. These vacancy rates are much lower than the national vacancy rate of 7.3% according to CoStar, a database which tracks national vacancy rates for various types of real estate. The low vacancy rates have only pushed rents higher due to heightened demand.

Housing Needs

Rental Housing :

In 2018, there were 17,581 renter-occupied housing units in Story County which represented approximately 47.2% of all housing units in the county. According to the 2018 American Community Survey (ACS), 55.8% of renters in Story County were considered cost burdened, meaning 30% or more of their income was spent on housing. While this number does include the student population at ISU; who tend to have lower income levels, 40% of renters in Story County (aged 25 or more, so the majority being non-college students), spent over 30% of their income on housing.

In order to not be considered cost burdened, a two-person household with extremely low income (30% of the area median income), making \$1,600 monthly can afford rent of no more than \$480 per month. A minimum wage earner working 40 hours per week and making \$1,257 monthly can afford rent of no more than \$377 per month. The 2020 HUD Fair Market Rent (FMR) for Story County is \$684, \$706, and \$857 per month for a one-bedroom, two-bedroom, and three-bedroom apartment, respectively. This highlights a very large gap between what a low-income household can afford, and what they're actually paying.

According to the National Low Income Housing Coalition (NLIHC), a household must earn \$17.36 per hour or \$36,120 annually in order to afford the Fair Market Rent of a two-bedroom apartment in Story County. The NLIHC calls this the "Housing Wage." Story County's 2021 Housing Wage is more than double that of Iowa's minimum wage of \$7.25 per hour. A minimum wage worker would need to work over 70 hours per week just to afford the FMR for a one-bedroom apartment.

According to the Iowa Work Force Development 2016 Wage Report, approximately 29% of Story County's workforce earns less than \$14.96 per hour. Key positions such as nursing assistants, childcare workers, preschool teachers, social workers, and construction laborers all earn less than \$14.96 per hour, on average.

According to the 2019 City of Ames Analysis of Impediments to Fair Housing Choice, the number one housing barrier in the City of Ames is cost of housing including rent and affording basic rent. According to the document, the City states it is their objective to create, expand and maintain affordable housing for homeless and low-income persons. The creation of the SCHAT will help achieve this goal.

Housing Needs

Home Ownership :

The majority of efforts for SCHAT will be focused on rental housing. The proposed activities of SCHAT include a 25% allocation for the rehabilitation of existing housing, which includes both owner-occupied units for low-income individuals and families, as well as rental housing as long as it is dedicated to low-income / affordable rentals.

According to the 2018 ALICE (Asset Limited, Income Constrained, Employed) Report, Story County has the highest housing burden in Iowa across renters and owners at a rate of 39%. According to the same report, Story County received a score of "poor" for both housing affordability and job opportunities and "fair" for community resources.

The homeownership rate in Story County was 53.5% in 2019 according to the U.S. Census Bureau, which is much lower than the 71.1% rate for the entire state of Iowa.

According to data from Hunziker Realty from the Multiple Listing Service (MLS), the average sale price for homes in Story County through August, 2021 is \$295,170 compared to \$162,189 for the same period in 2016. The average price is much higher in Ames which has an average price of \$337,100 in 2021 compared to \$224,577 in 2016. Based upon the 2017 average price in Story County, the total monthly payment would be \$1,205 for principal and interest, property taxes, insurance, and private mortgage insurance based upon a 30-year term. This assumes the buyer would have enough to put 3% down. In order to not be considered cost burdened, a household must earn at least \$22.60 hourly or \$47,000 annually. This amount increases to \$34.62 an hour or \$72,000 annually if purchasing a home in Ames.

Homelessness :

The 2019 Iowans Experiencing Homelessness snapshot states there were 12,180 homeless Iowans which were served in emergency shelters, transitional housing, rapid rehousing or street outreach projects. There were 978 Iowans served in permanent supportive housing. As of the 2019 Continuum of Care (CoC) point-in-time survey, there were 188 unsheltered Iowans statewide.

Additional Housing Needs :

Housing needs of inner-city neighborhoods: N/A

Areas with stagnant or declining housing markets: N/A

Housing Needs

Underserved Areas of Population :

Low-income households are an underserved population, especially when it comes to affordable housing, as can be seen throughout the aforementioned data. The rural communities in Central Iowa are also underserved, as many of them do not have the necessary mix of housing types to serve their population. The efforts of SCHAT will help keep homeowners in these rural communities in their homes by providing assistance to make the necessary repairs to make these homes “livable.”

According to the 2019 City of Ames Analysis of Impediments to Fair Housing Choice, subsidized housing renters were more likely to be minorities compared to homeowners and renters. Comparing the 2008 survey with the 2013 survey, the “lack of available decent rental units, in affordable price ranges” was consistently the 1st barrier as perceived by all groups of respondents, except for 2013 renter respondents, which was “cost of housing.” Comprehensive Housing Affordability Strategy (CHAS) data from 2006-2010 reveals there was a housing gap of 3,390 rental units affordable to 30% area median income (AMI). This is based on 4,355 extremely low-income households including students in the City of Ames with only 965 rental units affordable to 30% AMI. Of these affordable rental units, none were vacant, and only 505 rental units (52%) were occupied by extremely low-income households. The problem lies in the unavailability of the 48% (n=460) of total rental units that were occupied by other households in a higher income bracket.

Administration

The SCHT will be administered by the Central Iowa Housing Trust Fund (CIHTF) based on a contractual agreement. The CIHTF will handle several duties including administration, governance, program support, and IFA compliance. The CIHTF has several years of experience administering a successful LHTF.

Program Guidelines

Types of projects and funding limits

Project or Activity	Funding Allocation Recommendations (% of Recommended Annual Funding)
Administration	10%
Rental Assistance (Including buy- down)	40%
Rehabilitation of Existing Housing	45%
Transitional and Shelter Housing	5%

The SCHT will accept applications for grants from Story County municipalities, non-profits (Good Neighbor, Mainstream Living, Salvation Army, etc.) as well as for-profit companies (developers, landlords) under these categories. Appropriate underwriting standards will be developed after startup to direct funding to sound, approved entities which support the mission of the SCHT.

Funding allocation recommendations are advisory only, the actual percentage of funding distributed between categories will be subject to board discretion and approval.

As part of our contractual agreement with the Central Iowa Housing Trust Fund (CIHTF), they will be assisting the SCHT in the creation of our housing allocation plan. SCHT will make both loans and grants. The required terms and conditions of the investment, the funding limits per project, the developer/owner eligibility requirements, the underwriting requirements, and the borrower or project match / leverage requirements will all be addressed in our housing allocation plan with guidance from the CIHTF who has extensive experience in this area.

Location and Income eligibility :

Only housing projects that serve Story County households with incomes less than 80% of area median income (AMI), as determined by the U.S. Department of Housing and Urban Development (HUD), are eligible for SCHT funding. Further, as required by the LHTF program, 30% of the IFA grant funds will serve households with income at or below 30% AMI (Extremely Low-Income Eligible Recipients). The PCHTF will assist the SCHT to ensure the aforementioned requirement is met. The SCHT will require all local housing service providers perform income verification of their households being served.

Program Guidelines

Income Levels are :

2021 Story County Maximum Income Levels				
Household Size	Extremely Low Income Limits (\$)	Very Low(50%) Income Limits (\$)	Low(80%) Income Limits (\$)	Median Family Income
1	18,900	31,500	50,400	\$85,400
2	21,600	36,000	57,600	
3	24,300	40,500	64,800	
4	26,950	44,950	71,950	
5	31,040	48,550	77,750	
6	35,580	52,150	59,438	
7	40,120	55,750	89,250	
8	44,660	59,350	95,000	

Source: 2021 HUD Area Median Income for Story County (Issued April 1,2021)

Collaboration

SCHT plans to build partnerships with many different groups and leaders in Story County to help accomplish our goal of supporting and creating affordable housing. These groups will include city and county housing offices, banks, local developers focused on affordable housing for low income residents, local housing assistance programs (Habitat for Humanity, YSS, etc.) and others active in funding /developing /managing low income housing.

Fundraising Activities

The SCHAT has commitments from the communities within Story County for the match obligation to the SHTF grant application. In addition, the Board is in an active campaign to raise additional monies from the business community throughout Story County. The PCHTF will complete and submit identified grant/foundation applications throughout the year in addition to annual appropriations of Story County and local municipality funds

In addition to annual appropriations of Story County and local municipality funds, SCHAT also may engage in additional fundraising, including:

- Federal low-income housing grants through established Federal application procedures.
- County and municipality grants and awards, by direct application to the entity making the award.
- Private corporate donations and gifts-in-kind of land, buildings and monies. At present, SCHAT has no plans for public funds solicitations through mail, email, or phone programs but will make personal requests by members of the Board of Directors to various private entities in Story County. These include chambers of commerce, banks, credit unions, realtors, and real estate developers.
- Individual donations. SCHAT will accept individual donations but at present has no plans for sustained solicitation campaigns.
- Foundation grants and loans. SCHAT will apply for appropriate foundation grants and loans to support

Benefits to the Community

The creation of a housing trust fund in Story County has numerous benefits. Most importantly, we will be able to leverage state funds in order to address the housing needs of low income persons in Story County. By having a larger pool of funds, we will be able to help more individuals and families and provide them with a safe, comfortable place to live.

Households with modest means need safe and suitable housing that they can afford. When housing is affordable, low-income families are able to put nutritious food on the table, receive necessary medical care, and provide reliable daycare for their children. Research has shown that the stability of affordable rent can have profound effects on childhood development and school performance.

Not only does affordable housing change the lives of its residents, the benefits are passed along to the community in significant ways. It revitalizes distressed neighborhoods and promotes economic and social integration while building community. Affordable housing increases spending and employment in the surrounding economy, and acts as an important source of revenue for local governments. Without a sufficient supply of affordable housing, employers — and entire regional economies — can be at a competitive disadvantage because of their subsequent difficulty attracting and retaining workers.

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Housing Assistance Plan

Story County, Iowa.

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