



## IOWA FINANCE AUTHORITY

2015 Grand Avenue | Des Moines, Iowa 50312  
800.432.7230

[IowaFinanceAuthority.gov](http://IowaFinanceAuthority.gov)

Dear Legislator:

It is my pleasure to present you with the Iowa Finance Authority's Fiscal Year 2011 Annual Report on behalf of the Iowa Finance Authority Board of Directors and staff.

The Iowa Finance Authority's continued success is a testament to the dedication of thousands of public and private agencies, lenders, real estate agents, attorneys, abstractors, investors, developers, public officials and many others who share and support our mission to advance affordable housing and community development for Iowans.

These partnerships, supported by our solid financial standing, meant more than \$1 billion in investments in Fiscal Year 2011 to support strong neighborhoods and communities throughout the state.

Highlights include:

- 300 military service members received down payment assistance through the Military Homeownership Assistance program. The program is a partnership with the Iowa Department of Veterans Affairs and facilitating lenders across Iowa.
- More than 1,000 working-class Iowans realized their dream of homeownership through the Iowa Finance Authority's affordable homeownership programs and partnerships with nearly 400 participating lender locations throughout the state.
- Title Guaranty issued 69,400 certificates, covering nearly 3.7 billion worth of Iowa real estate. The Title Guaranty Division successfully partners with nearly 1,700 participating attorneys, abstractors and closers to help assure the integrity of Iowa's land-title system.

- The Iowa Mortgage Help initiative has assisted nearly 15,000 at-risk homeowners since its inception in 2008. The program is a partnership between the Iowa Finance Authority, the Iowa Attorney General, Iowa Legal Aid, Iowa Mediation Service and the Iowa Home Owner Education Project.
- More than \$341 million was loaned through the State Revolving Fund to assist landowners, farmers, homeowners and municipalities with a wide array of water quality efforts. The State Revolving Fund is a partnership with the Iowa Department of Natural Resources.
- More than 8,000 jobs were created for Iowans through investments made through the State Revolving Fund, Housing Tax Credit program and homeownership programs.
- Nearly 900 Iowa families were provided access to affordable housing through more than \$11.6 million in Housing Tax Credits that were awarded in 2011.
- Strong individual credit ratings were maintained (Aa3 from Moody's and AA from Standard & Poor's). The Iowa Finance Authority's single-family bonds are rated AA+/Aaa, while its State Revolving Fund Bonds are rate AAA/Aaa/AAA.

The Iowa Finance Authority is proud to present to you the annual review detailed in this report. Our ability to improve the lives of so many Iowans would not have been possible without strong leadership from our Board of Directors, a dedicated professional staff, strong public and private partnerships, and people like you who support our mission.

Respectively,

David D. Jamison  
Executive Director  
Iowa Finance Authority

# Program Accomplishments Fiscal Year 2011

	Who it helped	Investment
FirstHome program	822 home buyers	\$75 million
FirstHome Plus	449 home buyers	more than \$1 million
Homes for Iowans	144 home buyers	\$14.6 million
Military Homeownership Assistance program	300 military service members	\$1.4 million
Housing Tax Credit program	882 families	\$11.6 million
HOME program	282 families	nearly \$7.3 million
Multifamily Loan program	115 families	\$2.1 million
State Housing Trust Fund Local Housing Trust Fund program	22 Local Housing Trust Funds assisted	\$5.3 million
State Housing Trust Fund Project-Based program	13 projects	\$597,521
Home and Community-Based Rent Subsidy program	Average of 375 individuals a month	more than \$700,000
The Aftercare Rent Subsidy program	Average of 20 individuals a month	more than \$63,000 in subsidies
Homelessness Emergency Shelter Grant and Homeless Shelter Assistance Fund	24,816 individuals	\$2 million
Housing Opportunities for Persons with AIDS program (HOPWA)	258 individuals	\$400,000

	Who it helped
Project-Based Section 8	12,118 families

	Who it helped	
Title Guaranty Division	69,400 lenders, homeowners and businesses	Title coverage of nearly \$3.7 million worth of Iowa real estate

	Who it helped	Investment
Community and Economic Development Loan program	18 businesses	\$254 million in tax-exempt bonds issued
Midwestern Disaster Area Bonds	37 businesses	\$411 million in bond allocation

## WATER QUALITY DIVISION

Clean Water	32 communities	\$259 million
Drinking Water	23 communities	\$47 million
Planning & Design Loans	52 communities	\$11.5 million
General Nonpoint Source program	5 projects	\$9.2 million
On-Site Wastewater Assistance program	160 homeowners	\$1.4 million
Livestock Water Quality program	57 farmers	\$7.6 million
Local Water Protection program	252 landowners	\$5.2 million

IOWA FINANCE  
AUTHORITY PROGRAMS



IOWA FINANCE  
AUTHORITY



Photo courtesy of Polk County Assessor's Office

## Homes for Iowans Program

The Iowa Finance Authority created the Homes for Iowans program in 2010 in response to a need for an affordable financing tool for eligible repeat and first-time home buyers who are not eligible for the FirstHome program.

## Iowa Mortgage Help



IOWA  
MORTGAGE  
HELP.COM  
877.622.4866

The Iowa Finance Authority is a partner in the Iowa Mortgage Help initiative to help struggling homeowners avoid foreclosure. The hotline has assisted more than 18,000 Iowa homeowners with 100% free and confidential counseling since its inception in 2008.

The program is a partnership among the Iowa Finance Authority, the Iowa Attorney General, Iowa Legal Aid, Iowa Mediation Service and the Iowa Home Owner Education Project.

## AFFORDABLE HOMEOWNERSHIP

### FirstHome Program

The FirstHome program is the Iowa Finance Authority's flagship program, created in 1977 to offer safe, sustainable and low-cost mortgage financing to qualified home buyers. Since then, more than 60,000 Iowans have realized their dream of homeownership through the help of the Iowa Finance Authority.

Home buyers benefit from both the low-cost, fixed-rate financing provided by the Iowa Finance Authority and the convenience of using a local lender because of a successful public/private partnership. The Iowa Finance Authority issues tax-exempt mortgage revenue bonds to fund the FirstHome program, and the mortgage loans are provided to borrowers through the Iowa Finance Authority's network of 400 Participating Lender locations throughout the state.

### FirstHome Plus

The Iowa Finance Authority's FirstHome Plus grant provides assistance of up to \$2,500 to help eligible borrowers with closing costs, down payment or minor repairs. The grant must be used in conjunction with the FirstHome program.



### Military Homeownership Assistance Program

The Military Homeownership Assistance program was created by the Iowa Legislature in 2005. The program provides up to \$5,000 toward the down payment and closing costs of an Iowa home for eligible National Guard, Reserve and Active Duty armed services personnel.

Todd and Angela Aarhus

## AFFORDABLE RENTAL

### Housing Tax Credits

The Internal Revenue Service annually allocates tax credits to states based on their populations through the Federal Housing Tax Credit program. These housing tax credits provide an incentive to developers to construct affordable housing units through a dollar-for-dollar reduction to federal tax liability on ordinary income. More than 21,000 working-class Iowa families have been given access to affordable rental housing opportunities through the Housing Tax Credit program since its inception in 1986.

### HOME Program

The HOME program seeks to provide affordable housing to income-eligible households and to leverage private-sector participation in affordable housing. The U.S. Department of Housing and Urban Development annually allocates HOME funds to states based on their populations.

### Multifamily Housing Loan Program

The Multifamily Housing Loan program is a vital tool in the preservation of Iowa's aging affordable housing stock and fosters the production of new affordable units in Iowa.

### State Housing Trust Fund

The State Housing Trust Fund (SHTF) was created by the Iowa Legislature in 2003 and grants and leverages funding for affordable housing projects through two programs.

### Local Housing Trust Fund Program

The Local Housing Trust Fund program allocates at least 60 percent of the SHTF allocation to provide grants to Iowa Finance Authority Certified Local Housing Trust Funds for local housing priorities. Initiatives include subsidizing local down payment assistance programs, providing low-interest loans or grants to assist lowans in home rehabilitation, financing construction of new single-family housing for eligible lowans, supporting transitional housing programs, as well as homeless assistance and prevention.

### Project-Based Program

The Project-Based program awards funding for the creation of new multifamily or single-family affordable housing units throughout the state.



Photo courtesy of Polk County Housing Trust Fund

### Home and Community-Based Services Rent Subsidy Program

The Home and Community-Based Services Rent Subsidy (HCBS) program helps lowans who are at-risk of nursing home facility placement and who are currently receiving services from the Home and Community Based Services Waiver program. Recipients also must be eligible for other local, state or federal rental assistance. The HCBS rent subsidy allows hundreds of lowans to live successfully in their home and community each year.

### Aftercare Rent Subsidy Program

The Aftercare Rent Subsidy program provides financial assistance for youth who are aging out of foster care and are participants in the Aftercare Services program. The program's goal is to teach Iowa youth independence, life skills and responsibilities. The Iowa Finance Authority administers this program in partnership with the Iowa Department of Human Services.

### Section 8

The Iowa Finance Authority holds a performance-based Section 8 program contract with the U.S. Department of Housing and Urban Development. The Section 8 team is dedicated to providing oversight of 227 Section 8 properties in Iowa. These properties provide affordable housing to more than 12,000 lowans in 74 counties.

## Homeless Assistance Programs

The Iowa Finance Authority is the administering agency for the Iowa Council on Homelessness. The Council works to identify issues, raise awareness and secure resources that will allow all homeless Iowans to become self-sufficient. The Council, codified in 2008, is made up of 38 voting members, including representatives of state and local governments, nonprofits, advocates and homeless or formerly homeless individuals.

## Community Development

The Iowa Finance Authority issues tax-exempt bonds for a wide range of economic development projects. Eligible projects include manufacturing and office facilities, multifamily housing developments, farm cooperatives and other businesses that spur economic development throughout the state.

## TITLE GUARANTY DIVISION

The Iowa Finance Authority's Title Guaranty Division offers low-cost title protection for both residential and commercial real estate located in Iowa. Title Guaranty is offered through a successful public/private partnership with more than 1,700 participating attorneys, abstractors and closers to help assure the integrity of Iowa's land-title system.



TITLE GUARANTY

## WATER QUALITY DIVISION

### State Revolving Fund

The State Revolving Fund is one of Iowa's primary sources for affordably financing projects designed to improve the state's water quality. The Iowa Finance Authority and the Iowa Department of Natural Resources jointly administer the State Revolving Fund. The fund, capitalized by U.S. Environmental Protection Agency grants, assists Iowa communities with the costs of upgrading or constructing local wastewater and drinking water infrastructure projects. The State Revolving Fund has provided more than 500 Iowa communities with financing for water quality projects and has provided more than \$1.1 billion in financing for Iowa's water infrastructure since the inception of the Clean Water program in 1989 and Drinking Water program in 2000. The SRF's investments keep water rates affordable for thousands of Iowans.



### Planning & Design Loans

Planning and Design Loans are the best choice for many Iowa communities in the early stages of building or repairing water infrastructure facilities. One of the program's advantages is the special terms of 0% interest for up to three years. The SRF also offers other low-interest loan programs to assist landowners, farmers, homeowners and municipalities with a wide array of water quality efforts.

### General Nonpoint Source Program

The General Nonpoint Source program assists landowners with water quality issues such as habitat and wetland restoration, urban storm water management, landfill closure, lake restoration and watershed planning. The Iowa Department of Natural Resources coordinates the approval processes of the projects, and the Iowa Finance Authority acts as the financial agent.

### On-Site Wastewater Assistance Program

The On-Site Wastewater Assistance program offers low-interest loans to homeowners for the replacement of inadequate or failing septic systems. By Iowa law, all septic systems, regardless of when they were installed, must have a

secondary wastewater treatment system following the septic tank. The Iowa Department of Natural Resources administers the program in coordination with County Sanitarians, and the Iowa Finance Authority acts as the financial agent.

### Livestock Water Quality Program

Iowa livestock producers may be provided low-interest loans through the Livestock Water Quality program for manure management plans, structures and equipment to prevent, minimize or eliminate the pollution of Iowa's rivers and streams from animal feeding operations. The Iowa Department of Agriculture and Land Stewardship and the Division of Soil Conservation administer the program, and the Iowa Finance Authority acts as the financial agent.

### Local Water Protection Program

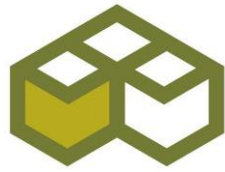
Iowa landowners are eligible to receive low-interest loans through the Local Water Protection program for projects to control the runoff of sediment, nutrients, pesticides or other nonpoint source pollutants from entering Iowa's waters. The Iowa Department of Agriculture and Land Stewardship and the Division of Soil Conservation administer the program, and the Iowa Finance Authority acts as the financial agent.



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# PERFORMANCE REPORT

Performance Results for  
Fiscal Year 2011



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# INTRODUCTION

The Iowa Finance Authority is dedicated to financing, administering, advancing and preserving affordable housing and promoting community and economic development for Iowans. Through a variety of programs, the Iowa Finance Authority improves the quality of life for Iowa's citizens and enhances the economic health of our state and its communities.

The following report illustrates the performance of many of the Iowa Finance Authority programs during fiscal year 2011. It does not include information about programs that were inactive during the fiscal year.

Highlights of the report include the following:

- In FY11 more than 1,000 working-class Iowans realized their dream of homeownership through the Iowa Finance Authority's affordable homeownership programs.
- More than 700 families received down payment or closing cost assistance on their new homes.
- Nearly 900 Iowa families will have access to affordable housing through more than \$11.6 million in Housing Tax Credits that were awarded in 2011.
- More than \$341 million was loaned through the State Revolving Fund to assist landowners, farmers, homeowners and municipalities with a wide-array of water quality efforts.
- The Iowa Mortgage Help initiative has received more than 18,000 calls and assisted 5,000 homeowners.
- The Title Guaranty Division issued 69,400 certificates, covering more than \$3.7 billion worth of Iowa real estate.
- Iowa Finance Authority maintained an AA rating from Standard & Poor's Rating Agency and an Aa3 from Moody's.

## ***IOWA FINANCE AUTHORITY BOARD OF DIRECTORS***

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## AGENCY OVERVIEW

The Iowa Finance Authority was established in 1975 with the purpose of advancing affordable housing in the state. Since then, the agency's role has expanded considerably. In addition to funding and administering housing programs that address a range of housing needs, the Iowa Finance Authority also issues tax-exempt bonds to finance a variety of economic development activities and infrastructure projects. In 1985, IFA's Title Guaranty Division was established.

**Vision:** The Iowa Finance Authority will improve the quality of life for Iowans by providing affordable housing opportunities and financing community and economic development.

**Mission:** To finance, administer, advance and preserve affordable housing and to promote community and economic development for Iowans.

**Guiding Principles:** These core values describe how the Iowa Finance Authority conducts itself in carrying out its mission:

- Customer Focus
- Results Orientation
- Long-range Thinking
- Data-based Decisions
- Continuous Improvement
- Collaborative Leadership
- Employee Participation
- Financial Responsibility and Integrity

**Core Functions:** The Iowa Finance Authority performs its mission through the following core functions:

*HousingIowa:* Provide opportunities for all Iowans to obtain and maintain safe, affordable and accessible housing.

*Title Guaranty:* Offer a low-cost mechanism to guarantee title to real property in Iowa, working with attorneys, abstractors, and lenders throughout the state to ensure the integrity of the land title transfer system and facilitate transactions in the secondary mortgage market.

*Water Quality Programs:* Provide financing for loans to Iowa communities for clean water and drinking water projects.

*Community Development:* Provide low-cost financing for community and economic development projects.

*Section 8:* Provide oversight to 227 project-based properties in Iowa.

*Resource Management:* Provide timely and accurate services and infrastructural needs to agency staff, housing partners, and other state agencies economically.

**Programs:** The Iowa Finance Authority executed its core functions through the following programs and services in FY11:

The Iowa Finance Authority's *FirstHome* program provides affordable mortgage financing to qualified home buyers. The Iowa Finance Authority issues tax-exempt mortgage revenue bonds to fund the program, and mortgage loans are provided to borrowers through more than 400 participating lender locations across the state. In FY11, the Iowa Finance Authority purchased 882 *FirstHome* loans totaling more than \$75 million. The *FirstHome Plus* program provides cash assistance of up to \$2,500 for down payment and closing costs. In FY11, 449 home buyers were provided down payment or closing cost assistance through a *FirstHome Plus* grant. In addition, the *Homes for Iowans* program was created in FY10 to assist eligible repeat and first-time home buyers who are not eligible for the *FirstHome* program. The program made 144 loans totaling more than \$14.6 million in FY11.

In partnership with the Iowa Department of Veterans Affairs, the Iowa Finance Authority administers the Military Homeownership Assistance Program. The program was created by the Iowa Legislature in March 2005 with a \$1.05 million state allocation. In 2006 and each succeeding year, the Legislature has allocated additional funds for this program, which provides grants of \$5,000 toward the purchase of a home to military personnel who served or serve on active duty since September 11, 2001. In FY11, the program helped 300 service members buy homes.

The Iowa Finance Authority's *NewHome Program* provides low-interest loan funds for qualified entities to build affordable single-family homes in Iowa. Applicants include non-profit 501(c)(3) organizations, cities or counties, community housing development organizations, economic development corporations, local housing trust funds and public school or community colleges with a trade class apprenticeship program. The program loaned \$541,332 in FY11.

The Iowa Finance Authority has served as the tax credit allocating agency for the state of Iowa since 1986, through the *Housing Tax Credit Program*. The tax credit provides an incentive to developers to construct affordable housing units. These credits provide a dollar-for-dollar reduction to an investor's federal tax liability on ordinary income. The Internal Revenue Service annually allocates tax credits to states based on their populations. The Iowa Finance Authority awarded a total of more than \$11.1 million in 9% housing tax credits for the construction or preservation of 691 affordable rental units. The Iowa Finance Authority also awarded \$487,160 in 4% housing tax credits to support 191 affordable housing units. A total of 882 families will benefit from \$11.6 million in housing tax credits awarded in FY11.

The HOME Investment Partnership Program transitioned from the Iowa Department of Economic Development to the Iowa Finance Authority on July 1, 2010. The HOME program was created by the National Affordable Housing Act of 1990, and its primary objectives are to provide decent affordable housing to lower-income households, and to leverage private sector participation in affordable housing. The U.S. Housing and Urban Development annually allocates HOME funds to states based on their populations. In FY11, the total of \$7,279,114 that was allocated in HOME funds will result in the production of 121 affordable units and serve an additional 161 households.

The *Multifamily Loan Program* seeks to preserve the existing supply of affordable rental units at risk of being lost and to foster the production of new affordable rental units in Iowa. During fiscal year 2011, the Multifamily Loan Program financed the construction or rehabilitation of three projects and 115 affordable units throughout the state. The amount of FY11 loans totaled more than \$2.1 million.

The *State Housing Trust Fund* is held at the Iowa Finance Authority and was granted permanent funding by the Legislature in FY08. The initiative allocates funding through two programs. The Local Housing Trust Fund (LHTF) provides grants for communities, counties and organizations that wish to create a local housing trust fund. In FY11 22 grants were approved for Local Housing Trust Fund's totaling \$5.3 million. Additional funds go to the Project-Based Housing Program that aids the development and rehabilitation of affordable housing in areas not covered by a LHTF. The program approved 13 loans in FY11 totaling \$597,521.

Since 1996, the *Home and Community Based Rent Subsidy Program* has assisted recipients to live successfully in their own home and can be used until the person becomes eligible for a Housing Choice voucher from the U.S. Department of Housing and Urban Development or any other kind of private or public rent subsidy. The Iowa Finance Authority has been administering this program since 2005, through a 28E agreement with the Iowa Department of Human Services. In FY11 more than \$700,000 in subsidies were provided and an average of 375 individuals were helped through the program each month in FY11.

The *Aftercare Rent Subsidy Program* provides financial assistance for youth who are aging out of foster care and are participants in the Aftercare Services Program. The program's goal is to teach Iowa youth independence, life skills and responsibilities. The Iowa Finance Authority began administering this program in 2004 through a 28E agreement with the Iowa Department of Human Services. In FY11 the Iowa Finance Authority issued more than \$63,000 in subsidies.

The Iowa Finance Authority is the administering agency for the *Iowa Council on Homelessness*. The Council, codified by Senate File 2161 in FY08, is made up of 38 voting members from across the state. In FY11 the Iowa Finance Authority and the Council reviewed and funded 119 Emergency Shelter Grant (ESG) and Homeless Shelter Assistance Fund projects, totaling more than \$2 million. The Iowa Finance Authority also completed its second year of administration of the Homelessness Prevention and Rapid Re-Housing Program (HPRP), a three-year federal initiative of the 2009 American Recovery and Reinvestment Act (ARRA). The federal Housing Opportunities for Persons with AIDS program (HOPWA) program provided \$400,000 for Iowans in need in FY11.

The Iowa Finance Authority holds a Performance-Based Annual Contribution Contract (ACC) with the U.S. Department of Housing and Urban Development to provide oversight of select project-based Section 8 properties in Iowa. The Iowa Finance Authority was awarded the new Section 8 Contract for the State of Iowa on July 1, 2011 following a nationwide rebidding of the contracts by HUD. The new ACC became effective October 1, 2011 and will be for an initial two year period renewable at HUD's discretion. The Section 8 Contract currently covers 226 properties providing affordable housing to 12,118 low-income Iowa households in 74 counties throughout the state.

The Iowa Finance Authority's *Title Guaranty Division* offers low-cost title protection for real estate located in Iowa. In FY11, Title Guaranty issued 69,400 certificates, covering nearly \$3.7 billion worth of Iowa real estate. Since its inception, TGD has transferred nearly \$48 million to support Iowa's affordable housing programs, with more than \$3.4 million in FY11 alone.

The *Community and Economic Development Loan Program* advances the development and expansion of business, nonprofit organizations and housing within Iowa. Since 1982, the Iowa Finance Authority has issued more than \$5 billion in tax-exempt bonds, the proceeds of which are loaned to borrowers to finance qualified projects. In FY11, the Iowa Finance Authority issued more than \$254 million of tax-exempt bonds on behalf of 18 projects across the state.

The Heartland Disaster Tax Relief Act (HDTRA) of 2008 provided assistance to areas in the Midwest that suffered severe storms, tornadoes and flooding in the spring and summer of 2008. One of the provisions of HDTRA was the creation of Midwestern Disaster Area (MDA) bonds. More than \$2.1 billion in MDA bonds were allocated to Iowa. Through Executive Order, the Iowa Finance Authority was charged with allocating MDA bonding authority to eligible projects. Through FY11, 37 projects had used more than \$411 million in MDA bonds for projects in Iowa.

The Water Quality Division is a core function of the Iowa Finance Authority and is one of Iowa's primary sources for financing projects designed to improve the state's water quality. The Iowa Finance Authority and the Iowa Department of Natural Resources jointly administer the State Revolving Fund (SRF). The fund, capitalized by the U.S. Environmental Protection Agency grants, assists Iowa communities with the costs of upgrading or constructing local wastewater and drinking water infrastructure projects. The SRF made significant investments in Iowa's water in FY11.

Thirty-two communities will benefit from Clean Water loans and 23 communities will benefit from Drinking Water loans that closed in FY11. Clean Water loans totaled more than \$259.6 million, and Drinking Water loans totaled more than \$47 million.

Planning & Design Loans are the first choice for many Iowa communities in the early stages of building or repairing water infrastructure facilities. One of the program's advantages is the special terms of 0% interest for up to three years. In FY11, 52 Clean Water and Drinking Water Planning and Design Loans were closed totaling more than \$11.5 million.

The General Non-Point Source Program assists water quality efforts through low-interest loans. Qualified projects include: restoration of wildlife habitat, stream bank stabilization, urban stormwater management, the remediation of storage tanks, water conservation and reuse and wetland flood prevention areas. Low-interest loans can also be made for the water quality components of other projects, such as municipal landfill closure, brownfield remediation, bird sanctuaries, and urban stormwater. In FY11 five projects were funded through loans totaling more than \$9.2 million.

The On-Site Wastewater Assistance Program (OSWAP) provides assistance to rural homeowners in unincorporated areas of Iowa not served by a public sewer. Homeowners may obtain a low-interest loan through a participating lender for the replacement of inadequate or failing septic systems. According to Iowa law, all septic systems, regardless of when they were installed, must have a secondary wastewater treatment system following the septic tank. The Iowa Department of Natural Resources administers the program in cooperation with County Sanitarians and the Iowa Finance Authority acts as the financial agent. In FY11 160 homeowners were assisted through this program through a total of more than \$1.4 million in loans throughout the state.

The Livestock Water Quality Program (LWQ) offers low-interest loans through participating lenders to Iowa livestock producers for projects to prevent, minimize or eliminate non-point source pollution of Iowa's rivers and streams from animal feeding operations. The types of eligible projects include lagoons, manure management structures, equipment, vegetative filters and the development of manure management plans. Assistance is limited to existing facilities for animal feeding operations with less than 1,000 total animal unit capacities. The Iowa Department of Agriculture and Land Stewardship administers the program, and the Iowa Finance Authority is the financial agent. In FY11 the program awarded more than \$7.6 million in loans to 57 projects.

The Local Water Protection Program (LWPP) offers low-interest loans through participating lenders to Iowa landowners for projects to control the runoff of sediment, nutrients, pesticides or other non-point source pollutants from entering Iowa waters. The types of eligible projects include composting facilities, contour buffer strips, field borders or windbreaks, filter strips, riparian forest buffers, terraces, grade stabilization structures, grassed waterways or other practices that are shown to improve or protect water quality. The Division of Soil Conservation of the Iowa Department of Agriculture and Land Stewardship administers the program through its local Soil and Water Conservation Districts. The Iowa Finance Authority acts as the financial agent. In FY11 the LWPP program awarded 252 loans for a total of more than \$5.2 million.

# KEY RESULTS

## STRATEGIC GOAL

### Name: *Issuer Credit Rating*

**Description:** An issuer credit rating reflects the Authority’s creditworthiness through from an analysis of the agency’s management, asset quality, financial performance and capital adequacy.

**Why we are doing this:** Securing a strong issuer credit rating lowers the cost of funding and provides the financial strength to enable the Authority to keep program interest rates relatively low and provides more financial flexibility to support expanded programming.

### What we are doing to achieve results:

- Managing the Iowa Finance Authority to the “AA” rating category level of Standard and Poor’s (S&P) and the Aa3 category of Moody’s Investors.
- Monthly tracking of S&P and Moody’s Investors financial ratios.

### Results

#### Performance Measure:

S&P Issuer Credit Rating

#### Performance Goal/Target:

Profitably grow IFA’s financial assets, diversify funding sources, and maintain an AA rating.

Ratio	FY06	FY07	FY08	FY09	FY10	FY11
Equity/asset ratio > 15%	16.4%	14.1%	12.6%	12.4%	12.8%	18.7%
Return on assets ≥ 1%	1.01%	0.81%	.78%	.47%	.48%	3.56%
Loans/asset ratio > 70%	73.3%	79.7%	78.8%	77.7%	65.6%	70.8%

**What was achieved:** In FY11, the Iowa Finance Authority continued to diversify its funding sources, strengthened its ability to execute new strategies to maintain volume in the single-family program and provided increased funding to multifamily rental projects. The Iowa Finance Authority continued its participation in the US Treasury sponsored New Issue Bond Program (NIBP) and improved its ability to manage interest rate and earnings risk. The Iowa Finance Authority’s credit ratings remained stable at AA for S&P and Aa3 Moody’s.

**Data Sources:** Iowa Finance Authority, Standard and Poor’s and Moody’s.

**Resources:** IFA is a self-funded public agency. With its nine-member Board of Directors and its employees, IFA is well-positioned to strengthen its efforts on behalf of Iowa’s communities and citizens.

# KEY RESULTS

## CORE FUNCTION

**Name:** *Single-Family Loan Portfolio*

**Description:** The Single-Family Loan Portfolio consists of assets purchased under the FirstHome and FirstHome Plus Programs and other single-family programs. The FirstHome program helps qualified first-time home buyers or other qualifying borrowers to obtain a lower-cost, sustainable mortgage loan. The FirstHome Plus program provides assistance with down payment, closing cost or minor repairs to qualified borrowers. *Homes for lowans* was created in FY10 to assist other income qualified home buyers who may not be eligible for the FirstHome program.

**Why we are doing this:** To provide opportunities for lowans to purchase safe, affordable, and accessible housing; increase homeownership opportunities to underserved populations; and to provide sustainable homeownership opportunities.

**What we're doing to achieve results:**

- Managed the Military Homeownership Assistance Program grant funds for the State
- Continue to provide *FirstHome Plus* up to \$2,500 as cash assistance to first-time home buyers
- Maintain lower-cost mortgage financing to borrowers

### Results

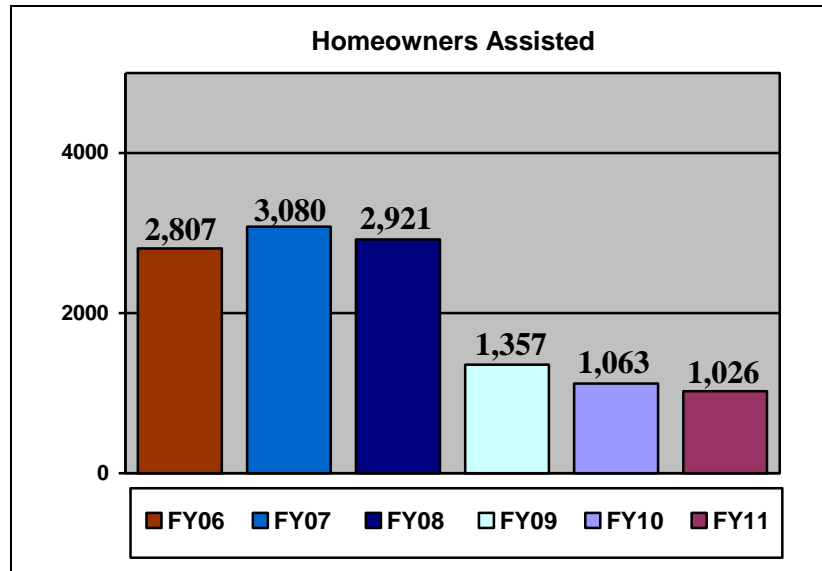
**Performance Measure:**

Single Family Loan Volume  
Number of homeowners served

**Performance Goal/Target:**

Increase number of homeowners served by 10 percent.

Increase single family loan volume by 10 percent.



**What was achieved:** More than 1,000 new borrowers benefited from the single-family homeownership programs, 39 of whom were minorities.

**Data Sources:** Iowa Finance Authority\*

**Resources:** The Iowa Finance Authority self-funds its single family mortgage programs in the municipal bond market and supplements its down payment assistance programs.



# KEY RESULTS

## CORE FUNCTION

**Name:** *Title Guaranty Division (TGD)*

**Description:** Title Guaranty provides a low-cost mechanism to guarantee title to real property to ensure the integrity of the land title transfer system and to facilitate transactions in the secondary mortgage market.

**Why we are doing this:** Title Guaranty ensures the integrity of the Iowa land title transfer system and facilitates lenders participation in the secondary mortgage market.

**What we are doing to achieve results:**

- Increased participation in field issuing program
- Provide free owner's coverage
- Continue to move production to Title Guaranty participating attorneys, abstractors and independent closers in the local market.

### Results

**Performance Measure:**

Title Guaranty Revenues

**Performance**

**Goal/Target:**

Title Guaranty Revenue

**Performance Measure:**

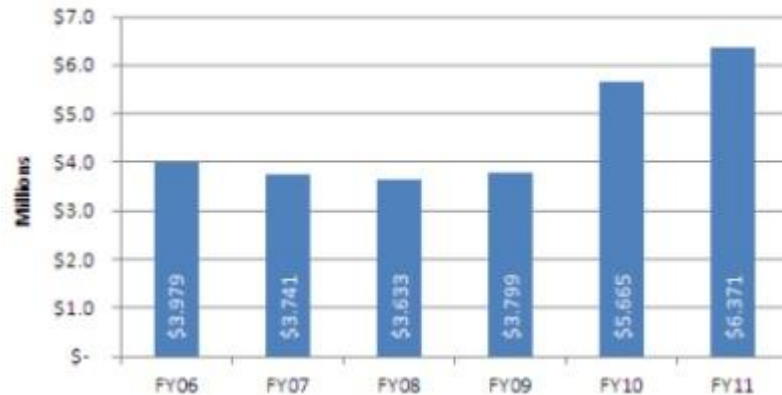
Transfer to Housing

**Performance**

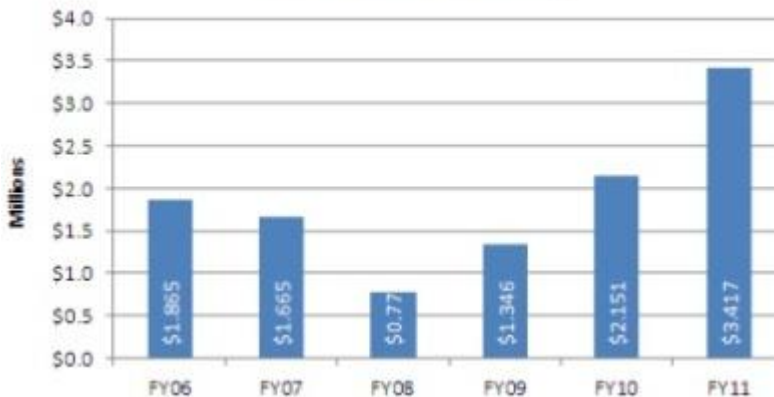
**Goal/Target:**

Total Transfers

#### Title Guaranty Revenue



#### Transfers to Housing



**What was achieved:** In FY11 generated \$6,370,636 in revenue. Title Guaranty also increased participation in field issuing program, a total of 90% of all Certificates.

**Data Sources:** Iowa Finance Authority\*

**Resources:** The Title Guaranty Division is supported by revenues earned by issuing Title Guaranty Certificates. Sixteen FTEs work with lenders, abstractors, and attorneys throughout the state to ensure the integrity of the land title transfer system and to facilitate lender sales to the secondary mortgage market.

# KEY RESULTS

## CORE FUNCTION

**Name:** *Water Quality Programs - State Revolving Fund*

**Description:** The State Revolving Fund provides low-cost loans to assist with the costs of infrastructure projects for Clean Water and Drinking Water. The Iowa Finance Authority operates the program in cooperation with the Department of Natural Resources. The program is funded through capitalization grants from the U.S. Environmental Protection Agency, proceeds of bonds issued by Iowa Finance Authority and loan repayments.

**Why we are doing this:** There is a critical need for low-cost funds to assist communities with financing improvements to their drinking water and wastewater infrastructure.

### What we are doing to achieve results:

- Assisted projects in 55 communities through Clean Water and Drinking Water Loans totaling more than \$306 million.
- Provided 0% financing for the Planning & Design phase of water quality projects in 52 communities, for a total of \$11.5 million in loans.
- The SRF program helped to subsidize more than \$23.5 million in loans in FY11 through four programs designed to improve water quality through a wide-range of eligible projects. The projects range from repairing failing septic systems to building buffer strips on farmland to helping clean up an urban brownfields. Since FY03, the SRF has loaned over \$109 million for nonpoint source projects that help Iowa's water.

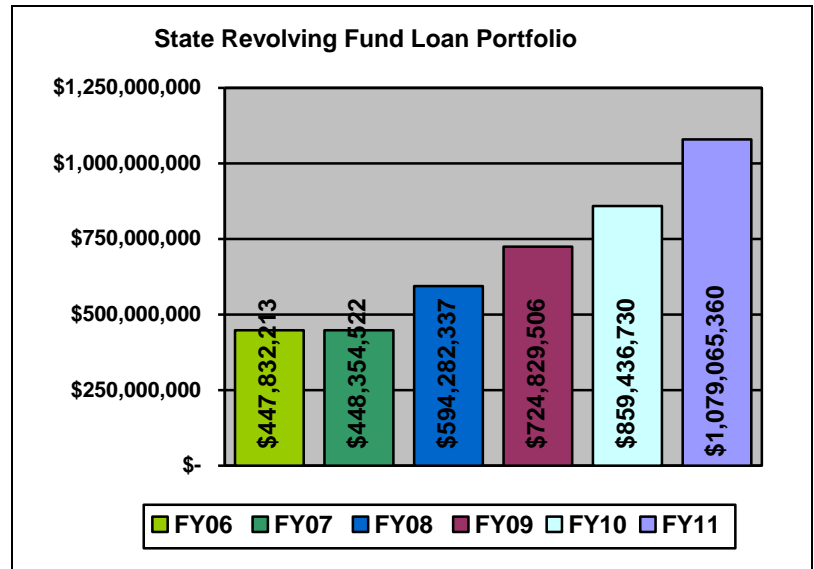
### Results

#### Performance Measure:

State Revolving Fund

#### Performance Goal/Target:

Increase SRF Portfolio by 5 percent



**What was achieved:** The portfolio increased to \$859,436,730 in FY11 compared to the FY10 portfolio value of \$859,436,730.

**Data Sources:** Iowa Finance Authority\*

**Resources:** The U.S. Environmental Protection Agency (EPA) annually administers capitalization grants to states for state revolving funds for clean water and drinking water. IFA and the Iowa Department of Natural Resources jointly administer the State Revolving Fund. The program is funded year to year by the EPA capitalization grants, proceeds of bonds issued by IFA, and repayments under the loan agreements to participating public and private water systems. The Iowa Finance Authority has six FTEs working in SRF.

# AGENCY PERFORMANCE PLAN RESULTS

<b>Name of Agency: Iowa Finance Authority</b>			
<b>Agency Mission: To finance, administer, advance and preserve affordable housing and to promote community and economic development for Iowans.</b>			
<b>Core Function: Community Coordination and Development</b>			
<b>Services, Products, Activities:</b> Assist first time home buyers obtain a low-cost mortgage loan for home purchases in Iowa or cash assistance, closing costs or minor repairs.			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
<b>Desired Outcome: Provide opportunities for Iowans to purchase safe, affordable and accessible housing.</b>			
<b>Single-Family Loan Portfolio</b>	<b>\$50 million in FirstHome Loan purchases</b>	<b>\$75 million</b>	<b>What Occurred:</b> The FirstHome Loan Portfolio made \$ 75,053,163 in loans.  <b>Data Source:</b> Iowa Finance Authority*
	<b>Serve 632 FirstHome borrowers</b>	<b>882</b>	<b>What Occurred:</b> 882 borrowers were served through the FirstHome program. An additional 144 homeowners were served through the Homes for Iowans program, for a total of 1,025 Iowa homeowners who purchased a home through the assistance of the Iowa Finance Authority.  <b>Data Source:</b> Iowa Finance Authority*
	<b>Serve 18 minority FirstHome borrowers</b>	<b>39</b>	<b>What Occurred:</b> 39 FirstHome borrowers were minorities in FY11.  <b>Data Source:</b> Iowa Finance Authority*
	<b>3 REOHome forgivable loan recipients</b>	<b>3</b>	<b>What Occurred:</b> 3 loan recipients benefited from the REOHome program in FY11.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Provide financial assistance up to \$5,000 for home purchases in Iowa communities for qualified military members			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
<b>Military Homeownership Assistance Program</b>	<b>Allocate 100% of \$1 million in appropriated funds</b>	<b>100%</b>	<b>What Occurred:</b> The program allocated 100% of appropriated funds.  <b>Data Source:</b> Iowa Finance Authority*
<b>Services, Products, Activities:</b> Provide a source of funds to local entities for rehabilitation of single family homes through the OurHome Rehabilitation program			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
<b>OurHome Rehabilitation Program</b>	<b>\$500,000</b>	<b>\$0</b>	<b>What Occurred:</b> There were no loan draws through the OurHome Rehabilitation Program in FY11.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Provide loan funds for qualified entities to construct new single-family homes in Iowa communities through the NewHome loan program			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
<b>NewHome Program</b>	<b>\$1 million</b>	<b>\$541,332</b>	<b>What Occurred:</b> Three projects received a total of \$541,332 in NewHome program loans in FY11.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Provide and maintain housing that is affordable and accessible to low and moderate income Iowans			

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Multifamily Loans Closed	\$15 million in loans closed	\$6.6 million	<p><b>What Occurred:</b> \$6,600,000 in multifamily loans were awarded to assist 115 units in three projects in FY11. An additional 72 housing units were assisted through a new workforce housing initiative.</p> <p><b>Data Source:</b> Iowa Finance Authority*</p>
<b>Desired Outcome:</b> Provide a source of funds to developers and property owners for the construction and/or rehabilitation of restricted affordable units			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Housing Tax Credits	Develop or preserve 620 multifamily units	794	<p><b>What Occurred:</b> The Housing Tax Credit Program exceeded the performance goal by the development and preservation of 794 affordable multifamily units in FY11.</p> <p><b>Data Source:</b> Iowa Finance Authority*</p>
	Award 100% of tax credits	98%	<p><b>What Occurred:</b> The IFA Board approved 98% of total tax credits available in FY11.</p> <p><b>Data Source:</b> Iowa Finance Authority*</p>
<b>Desired Outcome:</b> Monitor compliance with tax credit regulations by performing compliance reviews and providing tax credit compliance manual.			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Housing Tax Credit Compliance	Complete 100% of scheduled compliance visits	100%	<p><b>What Occurred:</b> 100% of scheduled compliance visits were completed in 2011. This is an increase from 89% in FY10.</p> <p><b>Data Source:</b> Iowa Finance Authority*</p>
<b>Desired Outcome:</b> Perform as Performance-Based Contract Administrator (PBCA) for the U.S. Department of Housing and Urban Development (HUD) in accordance with the Annual Contribution Contract.			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Section 8 Contract Administration	Have 90% of customers served be satisfied with service	98%	<p><b>What Occurred:</b> IFA earned 98% overall satisfaction from its Section 8 Customers in FY11. The performance based contract with the U.S. Department of Housing &amp; Urban Development currently covers 12,118 units in 74 counties.</p> <p><b>Data Source:</b> Iowa Finance Authority*</p>
	Earn 100% of Section 8 payments	100%	<p><b>What Occurred:</b> All FY11 Section 8 payments were earned</p>
<b>Desired Outcome:</b> Provide a temporary rent subsidy for community living opportunities for Medicaid-eligible consumers that would otherwise be living in a medical institution			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Home & Community Based Services Rent Subsidy	Provide rental assistance to an average of 390 persons with appropriated funds of more than \$700,000	375	<p><b>What Occurred:</b> In FY11 an average of 375 individuals received rental assistance each month.</p> <p><b>Data Source:</b> Iowa Finance Authority*</p>
<b>Desired Outcome:</b> Provide grants from the State Housing Trust Fund to certified Local Housing Trust Funds (LHTF) and individual projects in areas of the state not affiliated with a local housing trust fund			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis

State Housing Trust Fund Local Housing Trust Fund Program	Award 100% of appropriated or otherwise available State Housing Trust Fund monies	100%	<b>What Occurred:</b> \$5,361,904 was awarded to 22 Local Housing Trust Funds.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Provide grants from the State Housing Trust Fund to Project-Based projects.			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
State Housing Trust Fund Project-Based Program	Award 100% of appropriated or otherwise available State Housing Trust Fund monies	100%	<b>What Occurred:</b> \$597,521 or 100% of the available monies was awarded through the Project-Based program.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Provide a method of releasing mortgages which have been paid in full and no effective release has been filed of record			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Revenue transferred	\$970,000	\$3,417,333	<b>What Occurred:</b> The Title Guaranty Division transferred \$3,417,333 in revenue to affordable housing programs.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Increase percentage of Title Guaranty Certificates issued on file			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Title Guaranty	Obtain 85% of certificates issued by abstractors and attorneys	90%	<b>What Occurred:</b> In FY11 Title Guaranty Division transferred 90% of certificates issued by abstractors and attorneys.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Assist communities with the costs of upgrading or constructing local waste water projects			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
State Revolving Fund (SRF) Clean Water	Close \$175 million in clean water- eligible loans	\$259,651,000	<b>What Occurred:</b> The SRF closed \$259,651,000 in SRF eligible clean water loans in FY11.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Assist communities with the costs of upgrading or constructing local drinking water projects			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
State Revolving Fund (SRF) Drinking Water	Close \$60 million in drinking water eligible loans	\$47,013,000	<b>What Occurred:</b> The SRF closed \$47,013,000 in SRF eligible drinking water loans in FY11.  <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Provide loans to cover costs incurred in the planning and design phase of a proposed water infrastructure project. These loans will have 0% interest for up to three years with no initiation or servicing fees			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Planning & Design Loans	Approve \$20 million in planning & design loans	\$11,525,635	<b>What Occurred:</b> 55 Planning & Design loans were awarded in FY11 for a total of \$11,525,635.  <b>Data Source:</b> Iowa Finance Authority*
Non-Point Source Loans	\$5 million in Local Water Protection	\$5,223,067	<b>What Occurred:</b> In FY11 the LWPP Program loaned a total of \$5,223,067 to 252 projects.

	<b>Program (LWPP)</b>		<b>Data Source:</b> Iowa Finance Authority*
	<b>\$5 million in Livestock Water Quality (LWQ)</b>	<b>\$7,608,380</b>	<b>What Occurred:</b> The LWQ Program awarded \$7,608,380 to 57 farmers for water quality projects throughout the state. <b>Data Source:</b> Iowa Finance Authority*
	<b>\$5 million in General Non-Point (GNP)</b>	<b>\$9,295,344</b>	<b>What Occurred:</b> In FY11 the GNP program awarded five loans for a total of \$9,295,344. <b>Data Source:</b> Iowa Finance Authority*
<b>Desired Outcome:</b> Efficient management of Iowa Finance Authority's assets; financial, physical and human to maximize financial leverage, and minimize costs for maximum impact on mission.			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
<b>S&amp;P Issuer Credit Rating (ICR)</b>	<b>AA Rating</b>	<b>AA</b>	<b>What Occurred:</b> Standard and Poor's maintained Iowa Finance Authority's AA rating. <b>Data Source:</b> Standard and Poor's
<b>Timeliness of financial reporting</b>	<b>Board and financial reports completed by due dates</b>	<b>100%</b>	<b>What Occurred:</b> All financial reports were prepared timely. <b>Data Source:</b> Iowa Finance Authority Accounting Department
<b>Availability of technological resources</b>	<b>99% availability of network devices, including PC's, printers and servers, along with email and internet access</b>	<b>99+%</b>	<b>What Occurred:</b> 99+ percent of the time the network, devices, PCs, printers and servers were available to Iowa Finance Authority staff. <b>Data Source:</b> Iowa Finance Authority Information Technology Department
<b>Timeliness of performance evaluations</b>	<b>100% of performance evaluations given within prescribed timeframes</b>	<b>100%</b>	<b>What Occurred:</b> 100% of performance evaluations were completed timely. This is an increase from 73% in FY10. <b>Data Source:</b> Iowa Finance Authority Human Resource Department

\*Iowa Finance Authority's financial statements have been audited by KPMG LLP, an independent auditor

## RESOURCE REALLOCATIONS

There are no material reallocations of personnel or resources to report in FY11.

## AGENCY CONTACTS

Copies of the Iowa Finance Authority's Annual Performance Report are available on the ResultsIowa.org web site at [www.resultsiowa.org/iafinance.html](http://www.resultsiowa.org/iafinance.html) or [www.dom.state.ia.us/planning\\_performance/reports.html](http://www.dom.state.ia.us/planning_performance/reports.html). Copies of the report can also be requested through Wes Peterson at 515-313-5785 or [wes.peterson@iowa.gov](mailto:wes.peterson@iowa.gov).

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