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## FISCAL TOPICS

Fiscal Services Division

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Des Moines, Iowa 50319

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# Housing Trust Fund Real Estate Transfer Tax

## Purpose

The Housing Trust Fund is created within the Iowa Finance Authority (IFA) under Iowa Code section [16.181](#) and receives funding under Iowa Code section [428A.8](#). The moneys in the Housing Trust Fund are annually appropriated to the IFA to be used for the development and preservation of affordable housing for low-income people in the State and for the Iowa Mortgage Help Initiative. At least 60.0% of the Housing Trust Fund is transferred to the [Local Housing Trust Fund Program](#) to provide grants to organizations certified by the IFA as Local Housing Trust Funds, which can fund local housing initiatives. The remaining moneys in the Housing Trust Fund are allocated to the [Project-Based Housing Program](#), which assists locally supported affordable housing projects that are not eligible to receive funds under a Local Housing Trust Fund.

Payment of interest, recaptures of awards, or other repayments to the Housing Trust Fund are also deposited in the Fund. Notwithstanding Iowa Code section [12C.7](#), interest or earnings on moneys in the Fund are credited to the Fund. Notwithstanding Iowa Code section [8.33](#), unencumbered and unobligated moneys remaining in the Fund at the close of each fiscal year do not revert and remain available for expenditure for the same purposes in the succeeding fiscal year.

## Background

Awards from the Local Housing Trust Fund Program must be used for the development or preservation of affordable housing for eligible recipients. Eligible projects include the following:

- New construction.
- Acquisition and/or remodeling of existing property.
- Local down payment assistance programs.
- Home rehabilitation.
- Housing for persons with disabilities.
- Homelessness assistance programs.

All Local Housing Trust Fund dollars must benefit low-income households at or below 80.0% of the area median income, while at least 30.0% of the funds must be used to serve extremely low-income households at or below 30.0% of the area median income. Local Housing Trust Funds are the only eligible applicants for the Program and must provide a minimum local match of 25.0% of the total grant amount requested. There are currently 26 certified Local Housing Trust Funds, serving all 99 Iowa counties.

Program funding for the Project-Based Housing Program must not exceed 75.0% of the total project budget, excluding administrative and developer fee line items. For affordable housing projects benefiting extremely low-income recipients, Program funding may not exceed 90.0% of the total project budget, excluding administrative and developer fee line items. Eligible applicants include the following:

- Cities and counties
- Nonprofit housing organizations

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## More Information

Iowa State Housing Trust Fund: [iowafinance.com/state-housing-trust-fund](http://iowafinance.com/state-housing-trust-fund)  
LSA Staff Contact: Evan Johnson (515.281.6301) [evan.johnson@legis.iowa.gov](mailto:evan.johnson@legis.iowa.gov)

- For-profit housing development organizations
- Recognized neighborhood associations
- Economic development organizations
- Homeless service providers
- Transitional housing providers
- Domestic violence shelters
- Councils of governments

Eligible uses for Project-Based Housing Program funding include the following:

- New construction of affordable housing.
- Acquisition or adaptive reuse projects to develop new affordable housing opportunities.
- Rehabilitation or home modification by a qualified nonprofit organization to increase accessibility in existing housing units serving extremely low-income lowans (typically a renter/owner with an income at or below 30.0% of the county median income, mortgage revenue bond (MRB) income limits, or State median income).
- Development of affordable housing units serving homeless households (including emergency shelter, domestic violence shelter, and transitional housing units).
- Assistance in the development of Low-Income Housing Tax Credit (LIHTC) units reserved for extremely low-income lowans.
- Lead hazard reduction in affordable housing, which must be completed by certified lead professionals and contractors certified in safe work practices.
- Foreclosure prevention, anti-predatory lending, or homebuyer education counseling, to be provided through an organization that is a part of the Iowa Mortgage Help Initiative or has received certification through the National Industry Standards for Homeownership Education and Counseling.

The [Real Estate Transfer Tax](#) is imposed on the transfer of real estate in the State. The tax is equal to \$0.80 per \$500 (or any fractional part of \$500) of consideration paid as part of or a condition of the property transfer. As examples, the transfer of a \$1,200 property would incur a tax of \$2.40, while the transfer of a \$1.0 million property would incur a tax of \$1,600. The tax is paid to the county. Per Iowa Code section 428A.8, the county retains 17.25% of the tax revenue for deposit in the county general fund. The county remits the remaining 82.75% to the State. The State portion of the Real Estate Transfer Tax is deposited as follows:

- 30.0% to the Housing Trust Fund, up to a limit of \$7.0 million. The Fund previously received \$3.0 million until 2021 Iowa Acts, chapter [177](#) (Taxation and Other Provisions Act), increased the limit to \$7.0 million beginning in FY 2022.
- 5.0% to the [Shelter Assistance Fund](#).
- 65.0%, plus any Housing Trust Fund revenue in excess of \$7.0 million, to the General Fund.

**Figure 1** provides a history of real estate transfer tax deposits to State funds from FY 2019 through FY 2024:

**Figure 1 — Real Estate Transfer Tax Revenue, State Portion**  
(in Millions)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Housing Trust Fund	\$ 3.0	\$ 3.0	\$ 3.0	\$ 7.0	\$ 7.0	\$ 7.0
Shelter Assistance Fund	1.2	1.2	1.6	2.0	1.6	1.5
State General Fund	19.1	20.3	27.4	36.9	24.3	21.4
<b>Total</b>	<b>\$ 23.3</b>	<b>\$ 24.5</b>	<b>\$ 32.0</b>	<b>\$ 45.9</b>	<b>\$ 32.9</b>	<b>\$ 29.9</b>

**Related Statutes and Administrative Rules**

Iowa Code sections [16.181](#) and [428A.8](#)  
Iowa Administrative Code [265—19](#)