



IOWA FINANCE
AUTHORITY

Iowa Finance Authority Overview

Economic Development Appropriations Subcommittee

February 7, 2013

Introduction

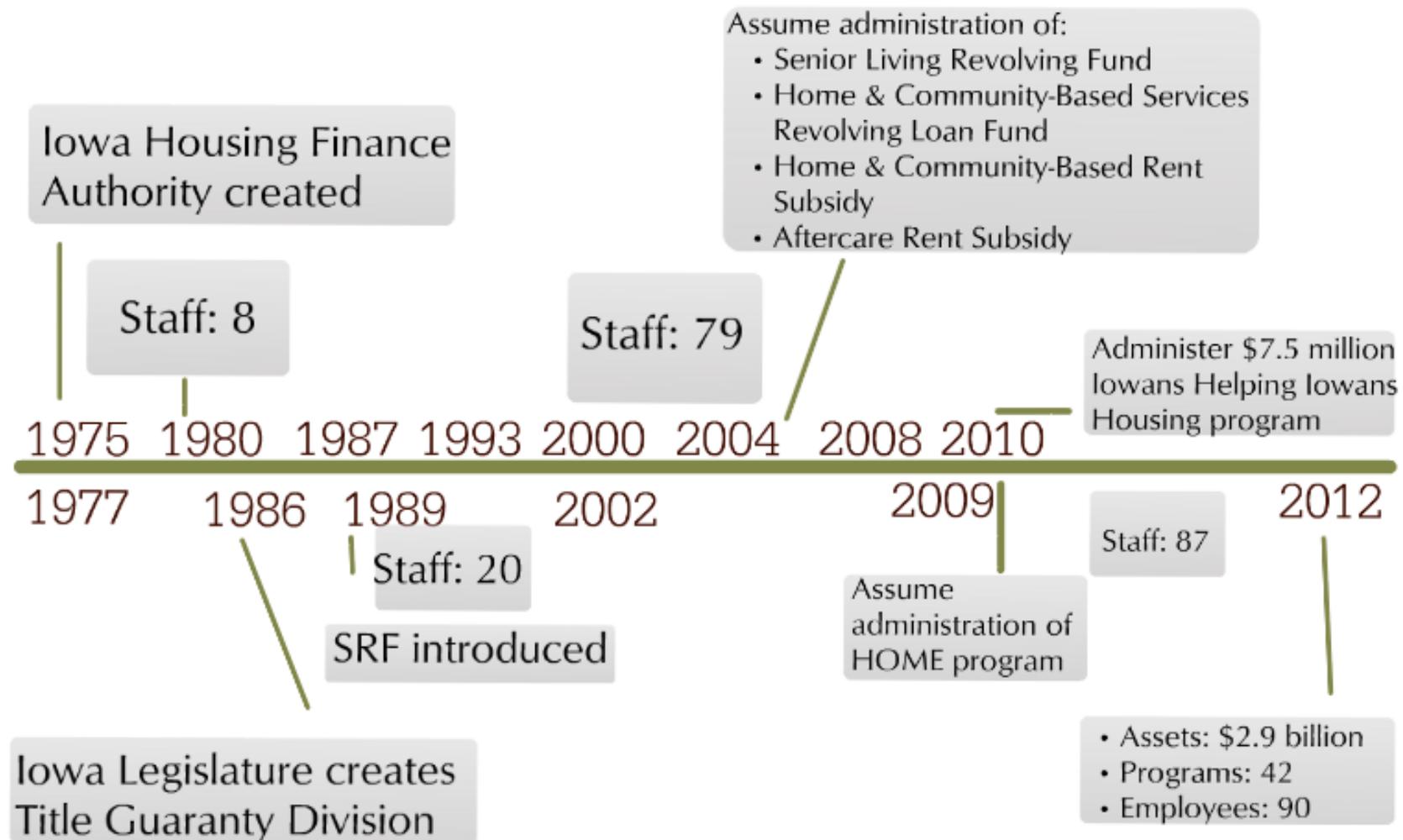
Mission: To finance, administer, advance and preserve affordable housing and to promote community and economic development for Iowans.

About Housing Finance Agencies

“HFAs combine private sector-like business acumen with mission-oriented public purpose. They have built a multi-decade record of responsibility, effectiveness, transparency, accountability and success in administering tens of billions of dollars in housing assistance.”

-National Council for State Housing Agencies

History



Overview

4 Divisions

- HousingIowa
- Section 8
- Title Guaranty
- Water Quality

At a Glance:

- Self-funded
- More than \$1 billion in annual investments throughout Iowa
- \$2.8 billion in assets under management



Separate and Distinct from the State

Grubb v. Iowa Housing Finance Agency (1977)

- Bond debt incurred by the Authority is not a debt of the state
- IFA is a “corporate entity, separate and distinct from the state...”
- The Legislature delegated broad authority to IFA to permit it to carry the legislature’s purpose into effect
- The Legislature left it to the Authority to establish the details of the day-to-day operations of the agency

Powers by Code

- Issue negotiable bonds and notes
- Have and alter a corporate seal and bylaws
- Adopt procedures relating to competitive bidding
- Acquire real and personal property
- Invest or deposit moneys of the Authority
- Exercise generally all powers typically exercised by private enterprises
- Notwithstanding any other provision of law, the Authority may elect whether to utilize any or all of the goods or services available from other state agencies

Rating Agency Criteria

- HFAs public purpose mandate
- Relationship with state executive and legislative branches
- Management's capability, track record, tenure and succession plans
- Financial indicators including fund balances, income, capital strength, liquidity, profitability and debt characteristics
- States economic and political climate

Ratings

As of 12/31/12	Amt. Outstanding	Long-Term Ratings
Single-Family Bonds	\$564.7 million	AA+/Aaa
Multifamily Bonds	\$52.5 million	AA/Aa3
SRF Bonds	\$834.6 million	AAA/Aaa/AAA

Individual Credit Ratings

Moody's: Aa3

Standard & Poor's: AA

IFA Compared to Other States

- IFA issues bonds for numerous programs, conduit issues for economic development
- IFA has been a valuable tool for issuance of prison bonds, underground storage tank, ICN
- IFA is also unique in its administration of the State Revolving Fund and Economic Development Loan Program
- HFA relationship to State vary from State to State

Excellence in Financial and Program Management

Major Continuous Improvement Initiatives:

- HOME Program
- Housing Tax Credits
- Section 8
- Single-Family
- State Revolving Fund
- Title Guaranty



Auditor Statement

“While the operating revenues have increased because of new programs, the general administrative expense has remained stable, which means staff is taking on a heavier workload with no increase in staff cost.”

- Michele M. Stromp

Partner, KPMG

October 2011 Board Meeting

Affordable Homeownership

The Iowa Finance Authority has helped nearly 60,000 homeowners realize their dream of homeownership since 1977.

Programs for home buyers:

- FirstHome
- FirstHome Plus
- Homes for Iowans
- Homes for Iowans Plus
- Take Credit! Mortgage Credit Certificate Program
 - Launched January, 2013
- Military Homeownership Assistance

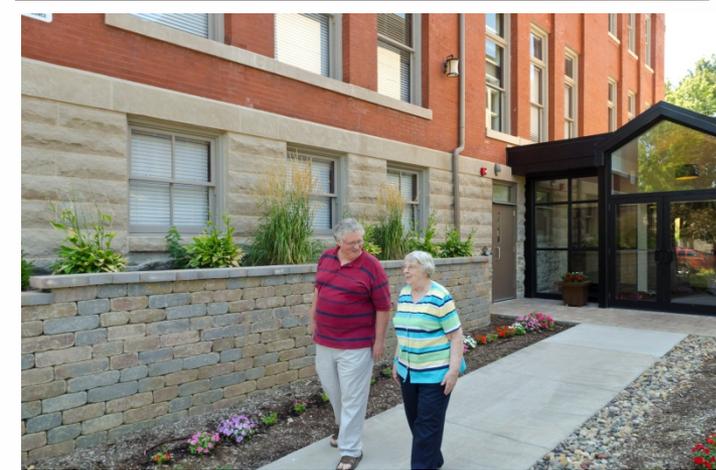
Affordable Rental

Project-Based Section 8

- Oversight of 223 Section 8 properties
- Serve 12,000 low-income lowans in 73 counties

HOME program

- Administrator since July, 2010
- Rental
- Homeownership
- Tenant-Based



Federal Housing Tax Credit Program

- Invested in 600 properties and 21,000 units since 1986
- 2008 through 2012: \$89 million housing tax credits
- The actual awards exceed \$890 million because the credits are committed annually for a 10-year period
- 2013 Round: (March 2013)
 - Approximately \$6.8 million available
 - 39 applicants

State Housing Trust Fund

- \$3 million state appropriation (Governor's budget proposal)
 - Project-Based Program
 - Local Housing Trust Fund Program (25)
- **Since the program's inception in 2003:**
 - \$34.5 million awarded
 - More than 10,800 affordable housing units assisted
 - \$139.5 million in other funds leveraged

 - \$4.04 in other financing for every \$1 of SHTF investment

Home and Community-Based Services Rent Subsidy Program

- \$658,000 (Governor's budget proposal)
- Helps lowans who are at-risk of residential care 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.
- An average of 375 lowans receives an HCBS rent subsidy each month.

Title Guaranty

- Created by the Iowa Legislature in 1986
- Successful public/private partnership with nearly 1,700 participating attorneys, abstracters and closers
- Provide guarantees of Iowa Real Property titles
- Facilitate mortgage sales to secondary market
- Help assure integrity of Land Title System



Title Guaranty

Programs:

- Residential Title Coverage: Lenders and Owners
- Commercial Title Coverage
- Mortgage Release

- FY12:
 - Certificates issued: 66,200
 - Iowa Real Estate Coverage: \$10.1 billion

- Keeps Iowa revenue in Iowa

State Revolving Fund

- Total federal capitalization grants received: \$704 million
- Over \$2 Billion in total loans closed since programs began
 - **SRF Program has leveraged federal funds almost 300%**
- Total SRF assets: \$1.7 billion
- The SRF has more than \$1.2 billion outstanding in low-interest loans for municipal infrastructure projects
- Approximately 500 different borrowers (cities, counties, sanitary districts, municipal utilities) have benefited from the SRF

State Revolving Fund

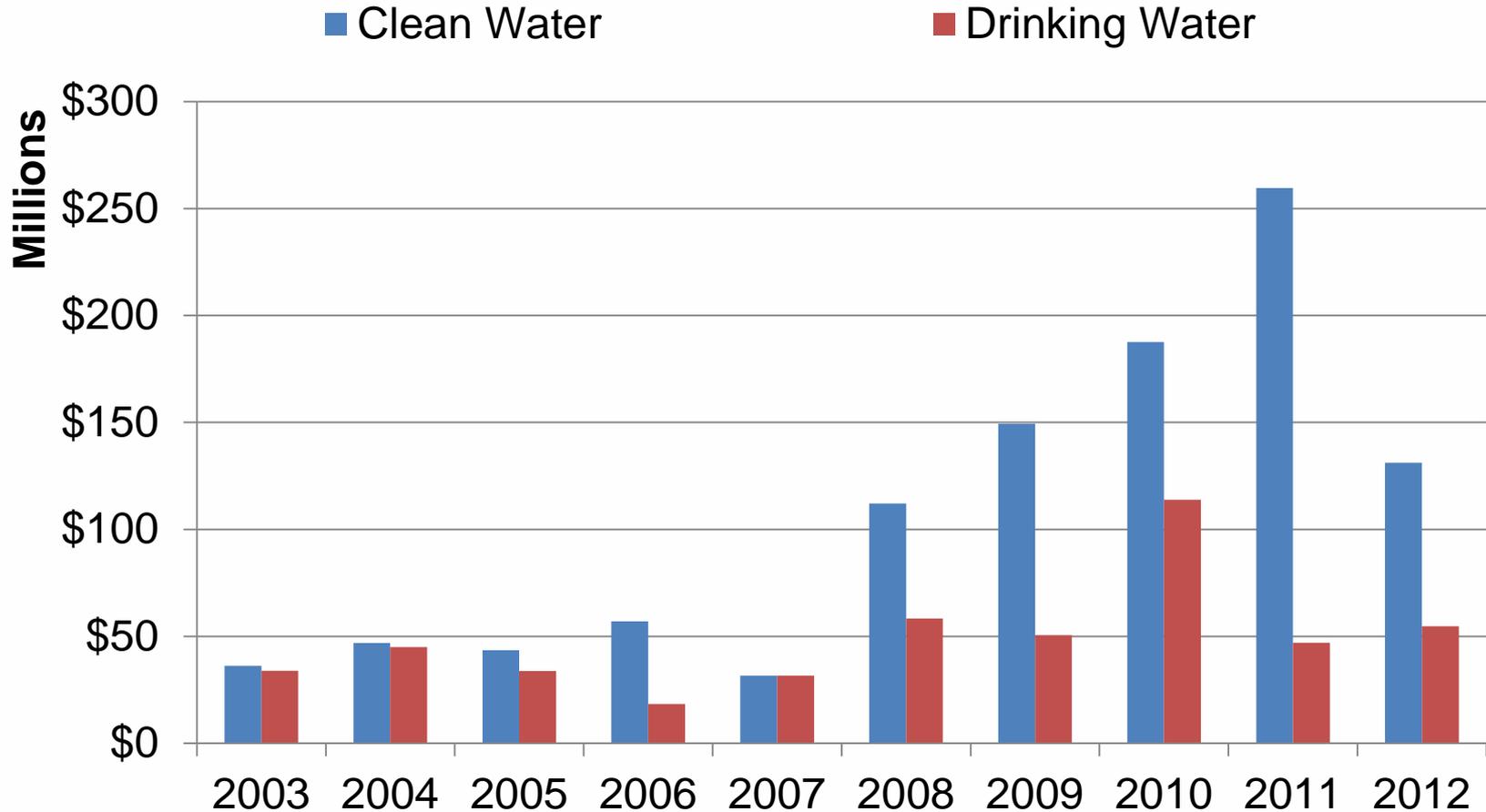
Provides low-cost funds for nonpoint source water quality projects. Currently approximately \$70 million outstanding.

Examples:

- Brownfields clean-up
- Replacing private septic systems
- Storm water management (rain gardens, permeable paving)
- Buffer strips and terraces on agricultural land
- Manure management projects for livestock producers
- Closing leaking landfills
- Wetland restoration



State Revolving Fund Loans Closed



Good for Iowa

Job Creation

Approximately 4,000 jobs created in FY12.

- Housing Tax Credit Program
- Homeownership Programs
- State Revolving Fund



Statewide Housing Study

- Comprehensive statewide housing study accepted by the Iowa Finance Authority Board in January, 2013
- Study components:
 - Analysis of Iowa's current housing stock
 - Results of public forums on housing needs
- Includes detailed regional housing conditions and demographic trends for use by local housing and planning officials.
- Commissioned by the Iowa Finance Authority and completed by RDG Planning & Design and Gruen Gruen + Associates.
- Study covers all aspects of housing, not only those under IFA's mission.
- The full study is available at IowaFinanceAuthority.gov.

Housing Study Results

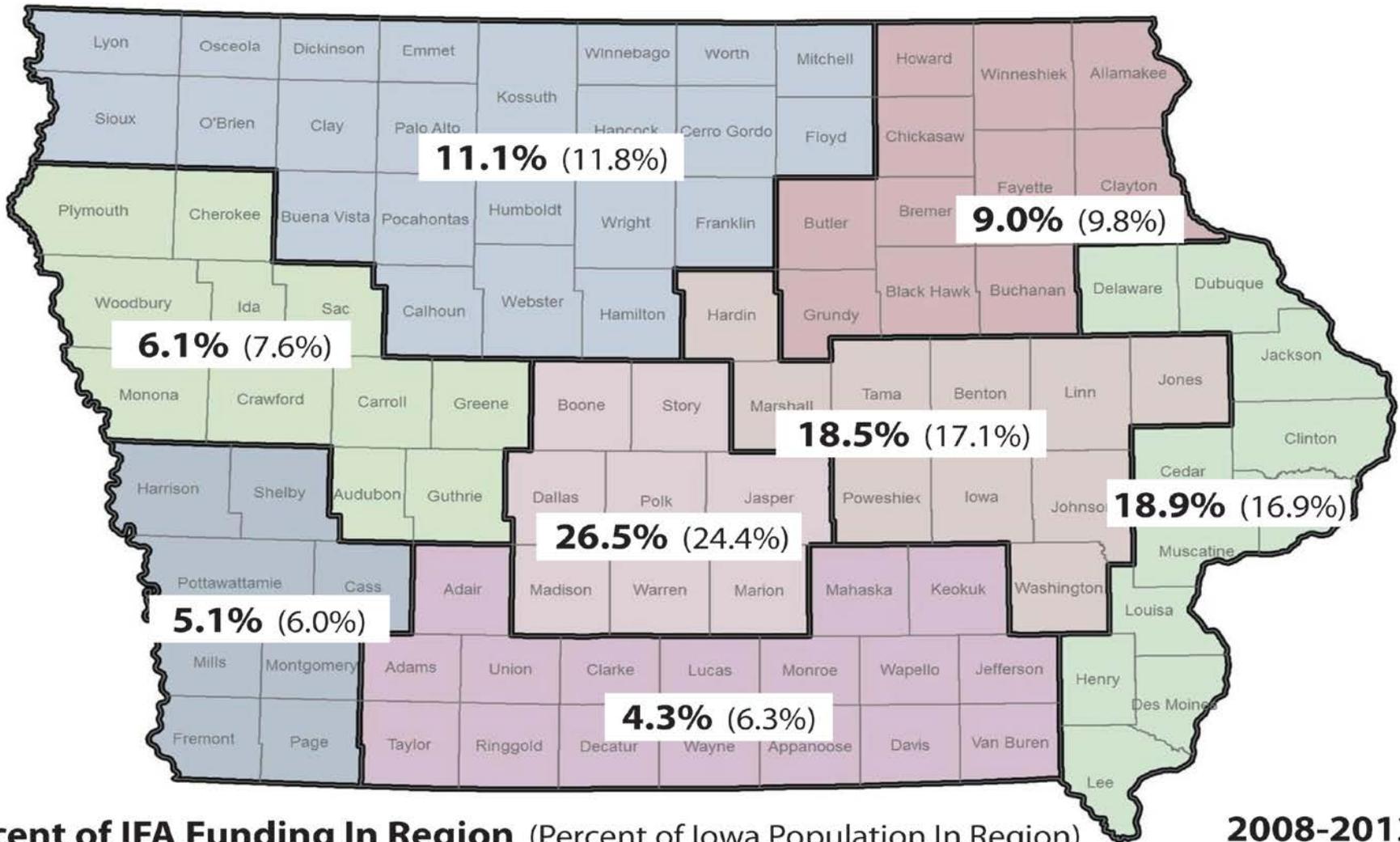
Positive housing trends highlighted in the study:

- Iowa's housing stock remains more affordable than most other states and regions of the country.
- Iowa's homeownership rate remains approximately six percentage points higher than that of the rest of the country.
- The rate of foreclosure in Iowa continues to be considerably lower than many other states.
- Workforce households and housing demand growth is expected to be strong over the next several years.

The most critical housing priorities over the next five years:

- Workforce housing
- Affordable senior housing
- Accommodating preferences of elderly to age in place
- Preservation of affordable multifamily units

Investing in All of Iowa



Percent of IFA Funding In Region (Percent of Iowa Population In Region)

2008-2012

Legislative Highlights

- Updating the reference of 'Title Guaranty' in the code to 'Iowa Title Guaranty'
- Extra Territorial Jurisdiction: Allows IFA to issue conduit bonds to a qualifying organization in Iowa but allows the bond proceeds to be spent in other states
- Double Tax Exemption: Allows for federally tax exempt bonds issued by IFA to be exempt from state income tax
- Revolving Loan Funds Consolidation: Consolidates three small revolving loan funds so that they can be operated more effectively

THANK YOU!

Questions?

IowaFinanceAuthority.gov



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