

VILSACK/PEDERSON LEADERSHIP AGENDA BRIEF

NEW ECONOMY: HOUSING

Critical Issue:

Iowa needs a comprehensive long-term housing strategy in order to provide clear direction from the state and to create additional opportunity to leverage capital to address unmet housing needs.

Background:

In August of 1999 the Gov. Vilsack and Lt. Gov. Pederson called for the establishment of comprehensive housing policy for the state of Iowa. The Iowa Finance Authority (IFA), in collaboration with the Iowa Department of Economic Development and other housing stakeholders, led this process which included:

- An assessment of current housing stock and needs (establishment of baseline data);
- Quantifying public resources and evaluating their impact to date;
- Convening a housing task force and public forums for stakeholder and citizen input;
- Recommendations for a coordinated, targeted, efficient and effective use of public resources to improve the affordable housing environment in Iowa.

In response to the top two recommendations of the Governor's Housing Task Force and in order to implement a comprehensive statewide housing strategy to address the housing needs as identified through this process, the Vilsack/Pederson Team proposes the following initiative.

Initiative:

Establishment of a Strategic Housing Trust Fund

Key Components:

- Consolidation of all state-funded housing programs within one structure.
- Conversion of all state expenditures to a dependable ongoing revenue stream to provide ongoing support for the state's housing efforts.

Results:

- Ensures the most effective and efficient use of state housing resources, by reducing the overall number of programs, streamlining applications, and providing for consistent project administration and the coordinated use of available resources.
- Enables the state to articulate a singular vision and direction for implementation of a comprehensive housing strategy.
- Allows for maximum leverage of other private and public capital for housing initiatives (through such things as bond issues and multi-year commitments, which cannot be supported within the confines of the current budget structure).

Cost:

- Initial capitalization is in excess of \$15 million.
- Initiative is accomplished through the reprogramming and conversion of eleven different funding streams to a single entity, jointly administered by IDED and IFA.
- The fund will be capitalized by creating a dedicated funding stream of \$7.5 million of state funds in addition to the assets of the Iowa Housing Corporation (\$7-8 million in loans and cash equivalents).
- Fund will generate significant revenue overtime and allow for the leverage millions in public and private capital.