




# IOWA'S AFFORDABLE HOUSING + ENERGY: GETTING THE FULL PICTURE

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## MIDWEST BUILDING DECARBONIZATION COALITION

**MISSION:** TO DEVELOP AND IMPLEMENT EQUITABLE STRATEGIES TO ACHIEVE ZERO EMISSIONS FROM THE MIDWESTERN BUILDING SECTOR BY 2050.

**PRIORITY STATES:**

- ILLINOIS
- INDIANA
- IOWA
- MICHIGAN
- MINNESOTA
- MISSOURI
- OHIO
- WISCONSIN



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## EQUITABLE BUILDING DECARBONIZATION

To remove the hazard of fossil fuel usage in buildings and facilitate access to carbon-free heating, water heating, and cooking, while prioritizing BIPOC/ intersectional identities and empowering poor, low- and moderate-income households and underserved communities with clean technologies and infrastructure including:

- Equitable outcomes in who produces and who benefits from decarbonization; and
- Leadership of enterprises and communities most impacted by the burdens of energy and environmental injustices.



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**What is CEDI?**

- Clean Energy Districts (CEDs) are non-profits, geographically organized by county, created to strengthen the local community by leading, implementing and accelerating the equitable and local transition to clean energy use.




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**Empowered Solutions Collective**

Empowered Solutions Collective provides consulting services in sustainability planning, project development, project funding, and project implementation for businesses and nonprofits.




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**BUILDING AND ENERGY INEQUALITIES**

Midwest BDC states have on average 35-43 affordable rental units per 100 extremely low-income renters.

\*2022, NATIONAL LOW INCOME HOUSING COALITION

90% of renter households paid for electricity separately, and 77% of renter households paid for their heat source separately, across all heat source types

\*2022, Joint Center for Housing Studies (Harvard)




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### BUILDING AND ENERGY INEQUALITIES

Energy Burden =  $\frac{\text{Annual Household Energy Bills}}{\text{Annual Household Income}}$

Generally, 6% is considered "high" and 10% or greater is deemed "severe"

Midwest BDC states range from 4% (MN) to 9% (MI) average energy burden for renting households with incomes 60% or lower than the Area-Median Income (AMI).

U.S. DOE Low-income Energy Affordability Data Tool

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### FEDERAL LOW-INCOME HOUSING TAX CREDIT PROGRAM

- Low-Income Housing Tax Credit program (LIHTC) was created as part of Tax Reform Act of 1986 to encourage affordable housing development projects
- Tax credits are federal, but states (and select cities and other entities) create their own application process and selection criteria (Qualified Allocation Plan or QAP)
- Competitive credits for new construction or major rehabilitation cover 9% of eligible project costs.

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### WHAT'S IN A QAP? (FEDERAL REQUIREMENTS)

Ten Selection Criteria from Section 42(m)(1)(C)

- (i) project location
- (ii) housing needs characteristics
- (iii) project characteristics, including use of existing housing as part of a revitalization plan
- (iv) sponsor characteristics
- (v) tenant populations with special housing needs
- (vi) public housing waiting lists
- (vii) households with children
- (viii) projects intended for eventual tenant ownership
- (ix) the energy efficiency of the project
- (x) the historic nature of the project

Source: Novogradac

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**WHAT'S IN A QAP? (FEDERAL REQUIREMENTS)**

- Priority to projects serving the lowest-income households and remain affordable for the longest period of time
- Preference to Qualified Census Tracts (QCT) or Difficult Development Areas (DDA), as long as it contributes to a concerted community revitalization plan

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**STATE QAP FLEXIBILITY**

"[They] have flexibility in developing their QAPs to set their own allocation priorities (e.g., assisting certain subpopulations or geographic areas) and to place additional requirements on awardees (e.g., longer affordability periods, deeper income targeting). But each QAP must clearly spell out a [HFA's] priorities and specify the criteria it will use to select projects competing for tax credits."

National Housing Conference

In other words, outside HUD's main requirements, states can choose to incentivize (or ignore) things like:

- Incorporating existing green building certification programs or higher energy efficiency requirements
- Electric-ready or All-electric design
- Incorporation of on-site or community renewable energy
- Healthy or sustainable building materials

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**HOW CAN THE QAP BE USED TO INFLUENCE AFFORDABLE HOUSING DEVELOPERS?**

- **Points:** Giving more weight in application scoring to certain selection criteria, making projects that incorporate certain elements or achieve certain performance thresholds more likely to be awarded
- **Basis Boost:** Increasing the percentage of eligible project costs a project receives credits for if they meet certain criteria

Category 1 - Spacing			
Points	Category	Points	Category
Proper zoning in place prior to application file date			
Category 2 - Community Support			
Points	Category	Points	Category
TIF tax abatement, community grant or loan, or waived fees totaling at least \$5,000 per unit, OR Land cost is \$1 or less, or donated	TIF tax abatement, community grant or loan, or waived fees totaling at least \$5,000 per unit, OR Land costs less than \$10,000	TIF tax abatement, community grant or loan, or waived fees totaling at least \$500 per unit.	
Category 3 - Site Neighborhood			
Points	Category	Points	Category
The area within a 1/2 mile radius has experienced significant residential and commercial new construction or renovation in the past 5 years.	The area within a 1/2 mile radius has experienced some residential or commercial new construction or renovation in the past 5 years.		

2024 Iowa QAP

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**MWBDC-CEDI in Action**

**Key Objectives of the Grant:**

- Conduct local landscape analysis of the affordable housing community
- Develop and deepen relationships with identified local housing leaders
- Educate about the need for rigorous, electric-ready, energy-efficient residential building standards that relieve energy burden.
- Build a bench of affordable housing leaders who will advocate for low-income energy burden-reducing, healthy, safe housing standards.

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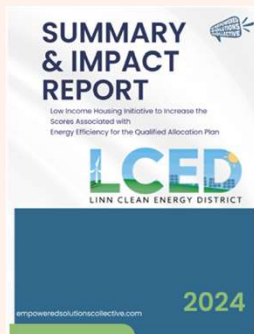
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**Case Study: Linn County**

**Methods:**

- Interviews with local leaders working in affordable housing/energy space
- Interviews with developers who had received IFA funding and those that had not
- Research and review of available assessments from city municipalities within the County
- Research and review of national assessments and available resources
- Conversations with people living in "affordable housing" units




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**Case Study: Linn County**

**Key Findings:**

- Marginalized and low-income households face disproportionate barriers to accessing and benefiting from energy efficiency initiatives.
- Limited awareness and information about available resources and programs contribute to low adoption rates of energy-efficient technologies.
- Financial constraints and upfront costs remain significant barriers, particularly for affordable housing developers and residents.
- There is a clear need for increased collaboration and coordination among stakeholders to address systemic challenges and advance energy equity in Linn County.

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**Case Study: Linn County**

**Report Recommendations**

1. Strengthen Outreach and Education: Develop targeted outreach campaigns and educational materials to raise awareness about energy efficiency programs and resources available to marginalized and low-income communities.
2. Expand Access to Financial Assistance: Advocate for increased funding and incentives to support energy efficiency upgrades in affordable housing developments, including grants, rebates, and low-interest loans.
3. Foster Collaboration and Partnerships: Facilitate regular meetings and collaboration forums to encourage information sharing, resource pooling, and coordinated efforts among stakeholders, including government agencies, non-profit organizations, and community groups.
4. Conduct a Thorough Energy Burden Analysis

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**Case Study: Linn County**

**Conduct a Thorough Energy Burden Analysis:**

- Currently there is not a local organization that completes an energy burden assessment.
- An energy burden assessment is a comprehensive evaluation of the financial impact of energy costs on households or communities. It involves analyzing the proportion of household income spent on energy bills, including electricity, heating, and cooling expenses.
- Helps identify households or communities that are disproportionately affected by high energy costs relative to their income level.
- This information is valuable for policymakers, energy providers, and community organizations in designing targeted programs and policies to address energy affordability issues, improve energy efficiency, and alleviate the burden on vulnerable households.

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**WHERE IS IOWA CURRENTLY AT (2025 DRAFT QAP)?**

- Minimum Efficiency Requirements for all projects:
  - 70 or less HERS rating
  - No window units or electric resistance heating except in pre-approved rehab contexts
  - Water heaters: Meet Energy Star standards
- Optional Energy Efficiency Points
  - 3 points (out of 5 maximum in Market Appeal section) for:
    - 60 or less HERS rating (New construction, 3 stories or 4 stories with in-unit HVAC and water heater)
    - 25% better than ASHRAE 90.1-2010 (New construction, 4 stories or more with central HVAC or water heating)
    - 8% better than IECC-2015 (Rehab or Adaptive Reuse)
  - 2 points (out of 5 maximum in Market Appeal section) for meeting Iowa Green

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### HOW ARE THE NEIGHBORS DOING?

From National Housing Trust's 2023 QAP Analysis

- **Green Building Standards:** 26 out of 53 Housing Finance Authorities (HFA) nationally require new construction and rehab projects to achieve some green certification (Midwest BDC States: Chicago/L, MI, MN, OH) - most others have at least some level of incentive.
- **Renewable Energy:** 23 HFAs require or incentivize incorporating a renewable (solar, wind, geothermal) energy source into the project (Midwest BDC States: Chicago, MN)
- **Electrification:** 9 HFAs award points or prioritize all-electric projects (Midwest BDC States: MN)

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### MAKING IMPROVEMENTS IN IOWA

**2025**  
9% LIHTC QAP  
April 23, 2024



**BASIS BOOST**

2020 Enterprise Green Communities Certification  
IFA Allows up to a 5% increase in Eligible Basis for Projects who have achieved an Enterprise Green Communities Certification.

**COMMENTS**  
Proposed changes to the boost include adding a couple new options and removing market rate units, which has not been used for the past 2 rounds.

**Proposed during preview period, but not adopted for 2025 by IFA**



**Energy Requirements**  
For heating, cooling and water heaters, equipment shall meet Energy Star standards.

**COMMENTS**  
The intent is to simplify the energy requirements by removing specific ratings for each type of equipment and refer to Energy Star standards.

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### MAKING IMPROVEMENTS IN IOWA

Midwest BDC, CEDI, and other Iowa partners submitted the following recommendations to IFA this spring/summer:

- Supporting IFA's proposed green certification boost and Energy Star appliance requirements
- Requirements for cost-effective electric-readiness measures and QAP points for all-electric projects
- QAP points or basis boost for projects that incorporate on-site renewable energy, especially where energy cost savings are directed to tenants
- Better alignment of energy efficiency points in the QAP with other related federal tax credits (45L & 179D) and anticipated Home Energy Rebates programs

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**MAKING IMPROVEMENTS IN IOWA**

- IFA has indicated that the green building certification and Energy Star requirements are still under strong consideration for 2026
- Interested parties should anticipate another early spring preview period and early summer draft and formal commenting process.
- NOW, however, is the time for advocates to start talking with the IFA tax credits team and start impacting the agenda for next year's process

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Any Questions

Midwest Building Decarbonization Coalition

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