

Housing Innovation Set-Aside- Shark Tank Style

Iowa Finance Authority

Rental Housing: Encouraging New Construction

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Innovation is a core value at the Iowa Finance Authority (IFA). We are constantly seeking fresh approaches to housing and finance and transforming ideas into tangible solutions. To foster this spirit, we introduced the Housing Innovation Set-Aside within the Federal Housing Tax Credit program (LIHTC), aimed at inspiring unconventional thinking and project proposals that might not fit within the typical LIHTC framework. What was on offer? **A potential of up to \$1 million in annual tax credits, totaling \$10 million over a ten-year period!**

Through this initiative, IFA was dedicated to identifying and supporting one standout project through a live pitch format, granting the developer exclusive access to the Innovation Set-Aside for the 2024 LIHTC Allocation Round. **This meant the selected project could secure up to \$1 million in ten-year housing tax credits, empowering it to bring its innovative vision to life.**

Achieve Strategic Objectives: Our goal was to bring to life an unprecedented housing development, one that would stand out in the state and perhaps even on a national scale, addressing a critical housing need.

Embrace Innovation: This initiative wasn't just groundbreaking; we like to think it set a new standard for Innovation Set-Aside Competitions nationwide. By its very nature, it aimed to inspire innovation in housing. Projects vying for success needed to showcase multiple innovations while aligning with the mission and goals of the Iowa LIHTC Program, emphasizing partnerships, affordability, durability and location.

Process:

- May 17, 2023 : Innovation Set-Aside Announcement
- June 8: Webinar
- June 1-July 17, 2023 : Pre-application available
 - The IFA reviewed all innovation pre-applications for completeness, preliminary feasibility, purpose and impact for the residents, community or industry.
 - The pre-application did not require project location, site control, financing, architectural plans, costs and proforma or full development team members.
- Four finalists were selected and invited to pitch at the HousingIowa Conference in front of conference attendees and outside panelists from across the nation.
- Sept. 7, 2023: Presentations were made in the morning at the HousingIowa Conference and panelists selected and announced the winner following the lunch keynote.

Full-Circle Innovation

The \$500 pre-application fee, (\$6,500 total) was donated to the Iowa Homebuilders Association for scholarships benefiting high school students embarking on careers in housing or innovation. This full-circle initiative places innovation at its core, ensuring that every aspect of the process contributes to fostering future innovation within the industry.

**Demonstrate Effective Use of Resources | Respond to an Important State Housing Need
Effectively Employ Partnerships | Replicable | Demonstrate Measurable Benefits |
Provide Benefits that Outweigh Costs | Have a Proven Track Record of Success in the Marketplace**

The Innovation Set-Aside is fundamentally designed to optimize resource utilization, address crucial state housing needs, forge impactful partnerships, ensure replicability, and deliver measurable benefits to HFA's targeted customers. This model intentionally fosters innovation by not prescribing specific approaches, thus encouraging fresh ideas to flourish. Furthermore, the competition's framework itself serves as a replicable template for other states to adopt. Each project proposal within the competition embodies these principles, offering tangible benefits that far exceed their costs.

Thirteen development teams responded to the call for applications, submitting pre-applications for innovative and unconventional projects in the inaugural round of the initiative. After careful evaluation, four finalists emerged and were granted the opportunity to showcase their proposals in live pitches at the HousingIowa Conference, vying for the chance to secure up to \$1 million in LIHTC. These compelling presentations were delivered to a panel comprised of esteemed state and national industry leaders.

Judges:

- Dian Grueneich, Stanford University Energy Scholar
- Ann Oliva, CEO, National Alliance to End Homelessness
- Jessica Reinert, Executive Director, American Institute of Architects, Iowa Chapter
- Luis Rico-Gutierrez, Dean, Iowa State University College of Design
- Mark Shelburne, Novogradac Consulting, LLP
- Stockton Williams, Executive Director, National Council of State Housing Agencies

The scoring elements the judges were tasked with considering during the pitched included:

- Innovation Purpose
- Impact
- Uniqueness
- Feasibility
- Overall

Each finalist had a maximum of 30 minutes to present followed by up to ten minutes for the judges to ask questions of the panel.

Finalists included:

Bridgeview Lofts

A 100% permanent supportive housing apartment building located in Council Bluffs featuring Trauma Informed Design, a green roof, grey water reclamation system, modular construction, solar electric, solar water heating, exterior insulation, and a unique funding partnership.

Goldfinch Lofts

What would be the first-ever Zero Carbon Certified LIHTC project in the country (signifying carbon-neutrality). The project prioritizes creating community; it would feature an urban-infill, mixed-use, and mass-timber building offering affordable housing to tenants at varying AMI thresholds and to the previously homeless, all with ongoing supportive services.

Monarch Village

A development that would reunite families impacted by substance abuse through a safe housing community using an innovative approach towards long-term sobriety and successful relationships.

The Townhall Apartments and Community Food Market

The Townhall Apartments and Community Food Market strengthens neighborhood cohesion. It does this by offering affordable housing, inclusivity, and economic opportunities. It features housing and a unique food hall offering affordable food options, promoting local culture. Innovations include sustainable design and a focus on resident wellness.

The Townhall Apartments and Community Food Market was selected as the winner of the inaugural Innovation Set-Aside Competition. The project offers an inventive model for neighborhood development, tackling the statewide need for affordable housing while promoting inclusivity, community cohesion and economic vitality. This initiative features a 29-unit mixed-use property, including a ground-floor community food market.

Distinguished as the state's inaugural venture of its kind, the Community Food Market introduces a unique food hall concept with six kitchens, showcasing local artisan and affordable restaurants. This innovative approach not only offers job opportunities to tenants and local residents, but also reduces employment barriers, fostering economic mobility. Additionally, the project incorporates inventive strategies such as a resident rebate and credit reporting program, aimed at empowering tenants financially.

By enhancing the lives of LIHTC residents, promoting community engagement, and advancing diversity and inclusion in the housing sector, this project contributes significantly to the overall well-being of the community.

From its initial conception and pitch in the Innovation Set-Aside Competition to its scheduled completion in 2026, the project has surpassed all program expectations. It's poised to transition from an idea to a tangible reality that will benefit residents and the community for many years to come.

Innovation in Housing Pitch Competition Judges Conversation Guide September 7, 2023



OPPORTUNITY TO TURN INNOVATIVE IDEAS IN HOUSING INTO A REALITY TO MEET STATE HOUSING NEEDS

This not to be missed and first of its kind session will showcase development teams that have been named as finalists in the newly created Federal Low-Income Housing Tax Credit (LIHTC) Innovation Set-Aside award competition. This pitch competition will feature highly innovative projects that respond to a state housing need. A panel of expert judges will select the top project, which will then have an opportunity to receive up to \$10 million in tax credits over a 10 year period to help it become a reality in an Iowa community!

Each finalist will have a maximum of 30 minutes to present followed by up to ten minutes for the judges to ask questions of the panel.

FINALISTS

Bridgeview Lofts

Developer: Anawim

Bridgeview Lofts will be a 100% permanent supportive housing apartment building located in Council Bluffs featuring Trauma Informed Design, a green roof, grey water reclamation system, modular construction, solar electric, solar water heating, exterior insulation, and a unique funding partnership.

Goldfinch Lofts

Developer: Cutler Development

The Goldfinch Lofts would be the first-ever Zero Carbon Certified LIHTC project in the country (signifying carbon-neutrality). The project prioritizes creating community; it would feature an urban-infill, mixed-use, and mass-timber building offering affordable housing to tenants at varying AMI thresholds and to the previously homeless, all with ongoing supportive services.

Monarch Village

Developer: Pivotal Housing Partners

Monarch Village will reunite families impacted by substance abuse through a safe housing community using an innovative approach towards long-term sobriety and successful relationships.

The Townhall Apartments and Community Food Market

Developer: Ntontan RE and Newbury Living

The Townhall Apartments and Community Food Market strengthens neighborhood cohesion. It does this by offering affordable housing, inclusivity, and economic opportunities. It features housing and a unique food hall offering affordable food options, promoting local culture. Innovations include sustainable design and a focus on resident wellness.



The scores and notes below are to be used to guide the conversation amongst all judges and do not necessarily reflect the winning project pitch. Please remember, detailed project plans, including architectural drawings and financing, are not required at this time. Judging should focus on the project innovation(s).

INNOVATION SCORING MATRIX

	Innovation Purpose (Max 10 points)	Impact (Max 10 points)	Uniqueness (Max 10 points)	Feasibility (Max 10 points)	Overall (Max 10 points)	Total Points (Max 50 points)
Bridgeview Lofts						
Notes:						
Goldfinch Lofts						
Notes:						
Monarch Village						
Notes:						
The Townhall Apartments and Community Food Market						
Notes:						

LIHTC INNOVATION SET-ASIDE 2024



INNOVATION IN HOUSING

Innovation is a core value at the Iowa Finance Authority as we continually look to turn new ideas in housing and finance into reality. For the 2024 Allocation Round, IFA is creating a new Innovation Set-Aside. The Innovation Set-Aside is an opportunity to demonstrate innovations and advance affordable housing in a way that may not always be possible in the 9% Tax Credit round. The most competitive projects in this set-aside will have multiple innovations and support the Iowa Low-Income Housing Tax Credit (LIHTC) Program mission and goals that include partnerships, affordability, durability and location.

One project may be selected to apply under the Innovation Set-Aside for the 2024 LIHTC Allocation Round. If the selected project meets program requirements, the project may receive up to \$1 million in federal LIHTC. Interested applicants must submit a pre-application. IFA will review pre-applications and identify finalists to present on their concept at the 2023 HousingIowa Conference. IFA will announce the selected applicant at the HousingIowa Conference.

TYPES OF INNOVATION

Innovations may include, but are not limited to the following:

- Construction or Durability
- Building Costs or Operational Costs
- Energy Efficiency
- Financing Structure
- Target Population/Purpose
- Operations
- Developer – Program for Women and Minority Capacity Building
- Partnerships



INNOVATION PRE-APPLICATION REVIEW AND SELECTION

1. All applicants interested in participating in the Innovation Set-Aside during the 2024 allocation year must submit a completed pre-application.
2. The pre-application will be available in the Iowa Finance Authority TAC system beginning June 1, 2023.
3. The deadline for submission of the pre-application is **July 17, 2023, at 4:30 pm CST**. Late submissions will not be accepted.
4. The IFA team will review all innovation pre-applications for completeness, preliminary feasibility, purpose, and impact for the residents, community, or industry. The pre-application does not require location, site control, financing, architecture, costs and proforma, or full qualified development team.
5. The IFA team will select up to six finalists to present at the Innovation Set-Aside competition for the opportunity to submit a 2024 LIHTC Innovation Set-Aside full application. IFA reserves the right to select no finalists.

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6. All applicants will be notified of the selected finalists for the Innovation Set-Aside competition by email no later than August 1, 2023. Finalists must accept the opportunity to compete in the Innovation Set-Aside competition by August 8, 2023. Finalists must make an in-person presentation at the 2023 Housing Iowa Conference that will be open to conference attendees.
7. A review panel will assess the Innovation Set-Aside finalist pre-applications and presentations. The review panel may be comprised of IFA staff, IEDA staff, and industry professionals in such fields as architecture, energy, construction, finance, health and human services, housing policy, and supportive services. Finalists should be prepared to answer questions from the panel and conference attendees.
8. Following the presentations, the review panel may recommend up to one finalist to submit an application for the 2024 LIHTC Innovation Set-Aside. IFA may accept the review panel's recommendation. IFA reserves the right to not select any finalists for the 2024 LIHTC Innovation Set-Aside. IFA will announce which finalist, if any, is eligible to submit an application for the 2024 LIHTC Innovation Set-Aside.

INNOVATION SET-ASIDE APPLICATION REQUIREMENTS

- The finalist selected to submit an application for the 2024 LIHTC Innovation Set-Aside, if any, will be the only eligible applicant for the 2024 LIHTC Innovation Set-Aside.
- IFA may award up to \$1,000,000 in LIHTC to no more than one project that applies for the Innovation Set-Aside.
- IFA reserves the right to not make an award in the Innovation Set-Aside. If no Innovation Set-Aside award is made, the \$1,000,000 in Tax Credits will be awarded in the General Set-Aside.
- The project described in the 2024 LIHTC Innovation Set-Aside application must be materially consistent with the project presented at the 2023 HousingIowa Conference and in the pre-application. IFA has the sole discretion to determine whether the project submitted in the 2024 LIHTC Innovation Set-Aside application is materially consistent with the project presented at the 2023 HousingIowa Conference and in the pre-application.
- A project application for the 2024 Innovation Set-Aside will not be considered for a 2024 LIHTC Award in any other Set-Aside or the General Set-Aside. An application for the same project may not be submitted separately for consideration outside of the Innovation Set-Aside.
- The project must have a positive cash flow, no funding gap and meet financial feasibility requirements.
- The project must meet all building codes (local, state, and federal).
- All IRS requirements must be met.
- All LIHTC awards are subject to IFA Board approval.

IOWA FINANCE AUTHORITY

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QAP REQUIREMENT EXCEPTIONS

All 2024 QAP requirements must be met except for the following exceptions to the 2024 QAP requirements.

- QAP 1.3A: Tax Credit Cap per LIHTC Unit does not apply to the Innovation Set-Aside award.
- QAP 1.3C: Developer, General Partner/Managing Member Cap may be exceeded and does not apply to an Innovation Set-Aside award.
- QAP 1.3E: Community Cap Does not apply to the Innovation Set-Aside award.
- QAP 3.4A: Zoning as listed in the QAP does not apply. Projects must have proper zoning when applying for the 2024 LIHTC Innovation Set-Aside.
- QAP 4.3D: A project with no permanent debt is allowed.
- QAP Section 6 Scoring Criteria, 2.6I Scoring Determination, 7.2 Selection Criteria, and 7.4 Tiebreakers do not apply. The Innovation Set-Aside does not have scoring criteria.
- QAP 7.7 Waiting List does not apply. The finalist selected during the 2023 HousingIowa conference is the only applicant allowed for the 2024 LIHTC Innovation Set-Aside.
- QAP 14.6 Minimum Development Characteristics-All Projects Applicants may request an exception to the Minimum Development Characteristics specific to a proposed innovation. Requests for exceptions may be emailed to housingtaxcredits@iowafinance.com prior to application submission.
- IFA may make other exceptions depending on the nature of the innovation.

CONTACT THE IOWA FINANCE AUTHORITY:

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