ARC 0542D

IOWA FINANCE AUTHORITY[265]

Notice of Intended Action

Proposing rulemaking related to disaster recovery housing assistance and providing an opportunity for public comment

The Iowa Finance Authority hereby proposes to rescind Chapter 29, "Disaster Recovery Housing Assistance," Iowa Administrative Code, and to adopt a new Chapter 29 with the same title.

Legal Authority for Rulemaking

This rulemaking is proposed under the authority provided in Iowa Code sections 16.5(1)"r," 16.57B and 16.57D.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, Iowa Code sections 16.57B and 16.57D.

Purpose and Summary

The Authority proposes to rescind Chapter 29 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to disaster recovery housing assistance administered by the Authority pursuant to Iowa Code chapter 16, subchapter VII, part 6. The program provides financial assistance for homeowners and renters whose primary residences are destroyed or damaged by a natural disaster.

The updated chapter incorporates updates to the program in 2025 Iowa Acts, Senate File 619, to clarify and streamline program administration and to make other clarifying changes.

Regulatory Analysis

A Regulatory Analysis for this rulemaking was published in the Iowa Administrative Bulletin on June 10, 2026. A public hearing was held on the following date(s):

- June 30, 2026

Fiscal Impact

This rulemaking has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rulemaking, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Authority for a waiver of the discretionary provisions, if any, pursuant to 7—Chapter 2504.

Public Comment

Any interested person may submit written comments concerning this proposed rulemaking, which must be received by the Authority no later than 4:30 p.m. on September 22, 2026. Comments should be directed to:

Lisa Connell
Iowa Finance Authority
1963 Bell Avenue, Suite 200

Des Moines, Iowa 50309
Email: lisa.connell@iowaeda.com

Public Hearing

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)"b," an oral presentation regarding this rulemaking may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its regular monthly meeting or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rulemaking action is proposed:

ITEM 1. Rescind 265—Chapter 29 and adopt the following **new** chapter in lieu thereof:

CHAPTER 29
DISASTER RECOVERY HOUSING ASSISTANCE

265—29.1(16) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Authority" means the Iowa finance authority created in Iowa Code section 16.1A.

"Disaster-affected home" means the same as defined in Iowa Code section 16.57B.

"Eviction prevention partner" means a local program administrator.

"Financial assistance" means the same as defined in Iowa Code section 16.57B.

"Fund" means the disaster recovery housing assistance fund created in Iowa Code section 16.57B.

"Local program administrator" means the same as defined in Iowa Code section 16.57B.

"Nonprofit organization" means a nonprofit entity organized pursuant to Iowa law.

"Program" means the disaster recovery housing assistance program, except for where the term "program" is used in rule 265—29.8(16).

"Replacement housing" means the same as defined in Iowa Code section 16.57B.

"Retention agreement" means an agreement as described in subrule 29.5(6).

"Retention period" means a period of time during which a retention agreement will remain in place. The retention period will begin on the date of a loan closing or the date repairs are completed and will end five years after the beginning of the retention period.

"State of disaster emergency" means the same as described in Iowa Code section 29C.6(1).

265—29.2(16) Local program administrators.

29.2(1) *Additional qualified organizations.* In addition to the organizations identified in Iowa Code section 16.57B(1)*"d,"* nonprofit organizations or government entities that provide the following disaster recovery or housing stability services may serve as local program administrators:

a. Housing counseling;

b. Legal services related to eviction proceedings and maintaining housing stability; or

c. Housing navigation services.

29.2(2) *Agreements with local government administrators.* The authority may enter into agreements with local program administrators working in disaster-affected counties for the purpose of implementing the program at the local level.

29.2(3) *Review of requests for assistance.* Homeowners and renters will submit applications in the manner prescribed by the authority, including homeowners and renters who are referred by disaster case advocates as described in Iowa Code section 16.57B(4). Local program administrators or the authority shall accept and review each application. The authority may award financial assistance after a local program administrator or the authority has determined the following:

a. Whether the applicant is eligible for assistance.

b. Whether the requested funds are being requested for a use permitted under the program, including verification that disaster-affected homes to be repaired or rehabilitated or replacement housing to be purchased with financial assistance are not located in a 100-year floodplain.

c. The amount of financial assistance to be awarded to the homeowner or renter.

29.2(4) *Administrative fees.* The authority may share all or a portion of the moneys reserved for its administrative costs pursuant to Iowa Code section 16.57B(2)*"c"* with local program administrators to reimburse their administrative costs. Interest credited to the fund pursuant to Iowa Code section 16.57B(2)*"a"*(2) may be used by the authority for additional unreimbursed administrative costs related to the program or administrative costs incurred by the Iowa economic development authority to assist in administering the program.

29.2(5) *Proceeds of repayments.* All loan amounts repaid to the authority by an eligible homeowner pursuant to this chapter shall be returned to the fund.

265—29.3(16) Eligibility.

29.3(1) *Eligible homeowners.* To be eligible for financial assistance under the program, all of the requirements identified in Iowa Code section 16.57B(5) shall apply. For the purposes of determining whether a disaster-affected home meets the requirement established in Iowa Code section 16.57B(5)*"a"*(1), only other state or federal disaster-related financial assistance that the homeowner receives for repair or rehabilitation of the disaster-affected home or for a replacement housing purchase will be considered.

29.3(2) *Eligible renters.* To be eligible for financial assistance under the program, all of the requirements in Iowa Code section 16.57B(6) shall apply. The following additional requirements shall also apply:

a. A renter must be a party to a written lease.

b. The landlord must not reside at the same address as the eligible renter.

29.3(3) *Registration.* If the disaster-affected home is located in a county declared a presidential disaster area eligible for individual assistance, the homeowner or renter must have registered with the Federal Emergency Management Agency (FEMA) and been awarded some form of FEMA housing assistance, which may include assistance for home repairs or temporary housing.

29.3(4) *Good standing.* A homeowner or renter must be in good standing with the department of revenue to be eligible for the program.

265—29.4(16) Eligible uses of funds.

29.4(1) *Homeowner assistance.* The authority may award financial assistance in an amount not to exceed $50,000 to an eligible homeowner for any of the purposes identified in Iowa Code section 16.57B(5)*"b."*

a. *Repair or rehabilitation.* A disaster-affected home for which a homeowner receives financial assistance must continue to be used as the eligible homeowner's primary residence throughout the retention period following the repair or rehabilitation.

b. *Down payment assistance.* The amount of down payment assistance that may be awarded to an eligible homeowner must not exceed 25 percent of the purchase price of the home being purchased plus any amount allowed for repairs, or $50,000, whichever is less.

(1) For purposes of calculating the amount of down payment assistance available to the eligible homeowner, the amount of the down payment assistance will be reduced by the amount of any disaster compensation received by the eligible homeowner in excess of any amount necessary to pay off a mortgage or real estate purchase contract on the disaster-affected home.

(2) As a condition of receiving down payment assistance, the eligible homeowner must agree that any disaster compensation received subsequent to receiving financial assistance, if not applied toward repayment of a mortgage on the disaster-affected home, shall be used by the eligible homeowner to pay down the balance of any repayable financial assistance outstanding at the time the eligible homeowner receives such disaster compensation.

(3) An eligible homeowner shall not use the financial assistance allowed under this paragraph for the purchase of more than one home.

(4) Replacement housing must be used as the eligible homeowner's primary residence throughout the retention period.

29.4(2) *Rental assistance.* The authority may award financial assistance to an eligible renter for the payment of rent for replacement housing pursuant to the limitations set forth in subrule 29.6(1).

265—29.5(16) Loan terms. Loans or forgivable loans made under the program shall, at a minimum, contain the following terms.

29.5(1) *Five-year term.* The duration of the loan will be for a term of five years.

29.5(2) *Amount.* The maximum amount of a loan made under this program shall be $50,000.

29.5(3) *Interest.* Loans made pursuant to the program shall bear no interest.

29.5(4) *Forgivability.* Loans made pursuant to the program may be forgiven according to the terms of the retention agreement.

29.5(5) *Repayment due upon sale of home.* If a homeowner who has been awarded a loan or forgivable loan sells a disaster-affected home or replacement housing for which the homeowner received the loan or forgivable loan prior to the end of the loan term, the remaining principal on the loan or forgivable loan shall be due and payable upon the sale of the home.

29.5(6) *Retention agreement.* Each loan or forgivable loan made pursuant to this program shall be secured by a retention agreement that shall constitute a lien on the title of the real property for which the loan or forgivable loan is made until such time as the loan or forgivable loan has either been fully forgiven or paid in full. However, if an eligible homeowner receives a buyout of the disaster-affected home from the hazard mitigation grant program established in Iowa Code chapter 29C or any other funding source, the receipt of the buyout will not trigger a repayment of assistance received under subrule 29.4(1).

29.5(7) *General conditions of assistance.*

a. If an eligible homeowner receives other disaster compensation after financial assistance is awarded, the authority may require repayment of some or all of the financial assistance based on the amount of disaster compensation received and review for any duplication of benefits.

b. Any home to be purchased, repaired or rehabilitated using assistance under the program must be in compliance with all applicable state and local laws, rules and ordinances. To be eligible for assistance, the home must be in compliance as of the time of closing in the case of purchases, and as of the date of the final disbursement of financial assistance in the case of repair or rehabilitation.

265—29.6(16) Rental assistance terms. Rental assistance made under the program shall be subject to the following terms.

29.6(1) *Award calculation and maximum award.*

a. An eligible renter may be awarded up to six months of rental assistance.

b. An eligible renter may be awarded retroactive rental assistance.

c. An eligible renter may be awarded rental assistance to pay late fees provided that the late fees are permissible under Iowa Code chapter 562A or 562B.

d. Rental assistance will be calculated by first multiplying the monthly rent amount stated on the eligible renter's lease by the number of months for which assistance is needed, and then adding any eligible retroactive rental assistance and late fees.

e. The amount of monthly rental assistance used in calculating the award must not exceed the amount stated on the eligible renter's lease.

f. The maximum allowable rental assistance that may be awarded must not exceed the lesser of:

(1) The sum of the amount stated on the eligible renter's lease multiplied by six months, plus late fees; or

(2) $5,000.

29.6(2) *Priority of awards.* The local program administrator or the authority may prioritize awards of rental assistance to eligible renters earning 80 percent or less of the area median income for the county where the replacement housing is located.

29.6(3) *Disbursement.* The local program administrator or the authority will disburse rental assistance only after a complete application has been received, an award has been approved by the local program administrator or the authority, and all applicable conditions for disbursement have been met, including the submission of documentation pertaining to the eligible expenses. Disbursements will be paid directly to the eligible renter's landlord unless the authority determines that payment to the landlord is not feasible. If the authority determines it is not feasible to pay the eligible renter's landlord directly, the local program administrator authority may disburse payment directly to the eligible renter, subject to terms established by the authority.

265—29.7(16) Reporting. A local program administrator working with the authority to administer financial assistance will submit any information reasonably requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the general assembly or the governor's office.

265—29.8(16) Eviction prevention program.

29.8(1) *Rental assistance.*

a. To receive rental assistance through the eviction prevention program established in Iowa Code section 16.57C, eligible renters must meet all of the following criteria:

(1) A renter's household income must not exceed 80 percent of the area median income as published annually by the U.S. Department of Housing and Urban Development (HUD) for the county in which the rental unit is located.

(2) A renter must be a party to a written lease.

(3) The landlord must not reside at the same address as the eligible renter.

b. An eligible renter may receive rental assistance subject to the following limitations:

(1) An eligible renter may be awarded up to six months of rental assistance.

(2) An eligible renter may be awarded retroactive rental assistance.

(3) An eligible renter may be awarded rental assistance to pay late fees provided that the late fees are permissible under Iowa Code chapter 562A or 562B.

(4) Rental assistance will be calculated by first multiplying the monthly rent amount stated on the eligible renter's lease by the number of months for which assistance is needed and then adding any eligible retroactive rental assistance and late fees.

(5) The amount of monthly rental assistance used in calculating the award must not exceed the amount stated on the eligible renter's lease.

(6) The maximum allowable rental assistance that may be awarded must not exceed the lesser of the sum of the amount stated on the eligible renter's lease multiplied by six months plus late fees or $5,000.

c. A renter will apply for assistance under this rule in the form and manner required by the authority.

d. The eviction prevention partner or the authority will disburse rental assistance under this paragraph only after a complete application has been received, an award has been approved by the eviction prevention partner or the authority, and all applicable conditions for disbursement have been met, including the submission of documentation pertaining to the eligible expenses. Disbursements will be paid directly to the eligible renter's landlord unless the authority determines that payment to the landlord is not feasible. If the authority determines it is not feasible to pay the eligible renter's landlord directly, the eviction prevention partner or the authority may disburse payment directly to the eligible renter, subject to terms to be established by the authority.

29.8(2) *Eviction prevention partners.*

a. Financial assistance awarded to eviction prevention partners pursuant to this rule shall be used to pay for rent or housing stability services provided to eligible renters for the purpose of preventing the eviction of eligible renters.

b. The authority may enter into an agreement with one or more eviction prevention partners to administer the program. The authority will prepare an agreement for each award to an eviction prevention partner. The agreement will reflect the terms of the award and may include other terms and conditions reasonably necessary for implementation of the program pursuant to this rule.

c. An eviction prevention partner receiving an award under this rule shall submit any information reasonably requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the general assembly or the governor's office.

265—29.9(16) Financial assistance subject to availability of funding. All financial assistance awarded pursuant to this chapter shall be subject to funds being made available to the authority for the purpose of awarding financial assistance.

These rules are intended to implement Iowa Code chapter 16, subchapter VII, part 6.