

IOWA FINANCE AUTHORITY[265]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 17A.3(1)“b,” 16.5(1)“r” and 16.5(1)“m,” the Iowa Finance Authority hereby amends Chapter 39, “HOME Investment Partnerships Program,” Iowa Administrative Code.

These amendments are intended to clarify the rules and update definitions, partly in response to recent changes in relevant federal regulations.

Notice of Intended Action was published in the Iowa Administrative Bulletin on September 4, 2013, as **ARC 0997C**. The Authority received public comment on the proposed amendments and made certain changes to the amendments based on those comments. To comply with federal regulations and provide clarification, definitions were revised and underwriting review was added to the amendments.

The Iowa Finance Authority adopted these amendments on October 9, 2013.

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

These amendments are intended to implement Iowa Code section 16.5(1)“m” and 42 U.S.C. Sections 12701 et seq.

These amendments will become effective on December 4, 2013.

The following amendments are adopted.

ITEM 1. Amend rule 265—39.1(16) as follows:

265—39.1(16) Purpose. The primary purpose of the HOME investment partnerships program is to expand or retain the supply of decent and affordable housing for low- and moderate income Iowans fund a wide range of activities that build, buy or rehabilitate (or both buy and rehabilitate) affordable housing for rent or homeownership or to provide direct rental assistance to low-income people.

ITEM 2. Adopt the following new definitions of “Fully accessible unit” and “Qualified veteran” in rule **265—39.2(16)**:

“*Fully accessible unit*” means a unit designed and constructed for full accessibility in accordance with Section 1002 of the International Code Council (ICC) A117.1.

“*Qualified veteran*” means a person who served in the active military, naval, or air service and who was discharged or released therefrom under conditions other than dishonorable.

ITEM 3. Rescind the definition of “Accessible” in rule **265—39.2(16)**.

ITEM 4. Amend the following definitions in rule **265—39.2(16)**:

“*CHDO*” means a community housing development organization, which is a nonprofit organization registered with the Iowa secretary of state and certified as such by IFA, pursuant to 24 CFR 92.2 (~~September 16, 1996~~) (July 24, 2013).

“*Contract*” means a binding written agreement between IFA and the recipient or subrecipient for the purpose of utilizing HOME funds to produce affordable housing or provide tenant-based rental assistance build, buy or rehabilitate (or both buy and rehabilitate) affordable housing for rent or homeownership or to provide direct rental assistance to low-income people.

“*Developer*” means any individual or entity responsible for initiating and controlling the development process and ensuring that all phases of the development process, or any material portion thereof, are accomplished. The development process applies to transitional housing, rental housing, rehabilitation, and rental housing new construction, ~~and homeowner assistance with development subsidies.~~

“*Local support*” means involvement, endorsement and investment by local citizens, local organizations and or the governing body of the local government in which the housing project is located, ~~that~~ The local support shall promote the objectives of the housing activity or projects assisted through the HOME partnership program.

“*Net proceeds*” means the amount determined by calculating the difference between the resale sale price and the amount of the outstanding principal loan balance owed plus any seller’s reasonable and customary closing costs associated with the resale sale.

ITEM 5. Amend subrule 39.4(1) as follows:

39.4(1) Eligible activities include transitional housing, tenant-based rental assistance, rental housing rehabilitation (including conversion and preservation), rental housing new construction, homebuyer assistance that includes some form of direct subsidy to the homebuyer (~~including development subsidies~~), and other housing-related activities as may be deemed appropriate by IFA. Assisted housing may be single-family housing or multifamily housing and may be designed for occupancy by homebuyers or tenants.

a. Assisted units shall meet the period of affordability as set forth in the federal program requirements.

b. For homebuyer assistance, the initial purchase price for newly constructed units or the after-rehabilitation value for rehabilitated units shall not exceed the ~~single-family housing mortgage limits as set forth by HUD’s most current maximum purchase price or after-rehabilitation value limits~~ homeownership value limit as established by HUD.

c. For a rental project, rents shall be limited to the rents allowed by HUD for HOME.

~~*b.*~~ *d.* Assisted households shall meet income limits established by federal program requirements.

(1) For a rental activities project, all assisted units shall be rented to low-income households; at initial occupancy, ~~400~~ at least 90 percent of the units shall be rented to households with incomes at or below 60 percent of the area’s median family income and, for projects with five or more units, at least 20 percent of the units shall be rented ~~initially~~ to very low-income households.

(2) For tenant-based rental assistance, only households with incomes at or below 80 percent of the area median family income shall be assisted; at least 90 percent of the households served shall have incomes at or below 60 percent of the area’s median family income.

(3) For homebuyer assistance, only households with incomes at or below 80 percent of the area median family income shall be assisted.

~~*e.*~~ *e.* Property standards. All newly constructed housing (single-family and multifamily housing) shall be constructed in accordance with any locally adopted and enforced building codes, standards and ordinances. In the absence of locally adopted and enforced building codes, the requirements of the state building code shall apply.

(1) All rental housing involving rehabilitation shall be rehabilitated in accordance with any locally adopted and enforced building or housing codes, standards and ordinances. In the absence of locally adopted and enforced building or housing codes, the requirements of the state building code shall apply.

(2) All single-family housing involving rehabilitation shall be rehabilitated in accordance with any locally adopted building or housing codes, standards and ordinances. In the absence of locally adopted and enforced building or housing codes, the requirements of the most current version of Iowa’s Minimum Housing Rehabilitation Standards shall apply (all communities with populations of 15,000 or less).

~~*d.*~~ *f.* Energy Star. All new rental construction must obtain Energy Star certification verified by an Energy Star rater.

ITEM 6. Amend subrule 39.6(7) as follows:

39.6(7) Maximum per-unit subsidy amount, ~~and~~ subsidy layering, and underwriting review. The following shall apply to all applications:

a. The total amount of HOME funds awarded on a per-unit basis may not exceed the per-unit dollar limitations established under Section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 17151(d)(3)(ii)) for nonprofit elevator-type projects that apply to the area in which the housing is located.

b. IFA shall evaluate the project in accordance with subsidy layering guidelines adopted by HUD for this purpose.

c. The total amount of HOME funds awarded on a per-unit basis cannot exceed the pro rata or fair share of the total project costs when compared to a similar unit in a rental activity.

d. IFA shall conduct an underwriting review of the project.

ITEM 7. Amend subrule 39.6(9) as follows:

39.6(9) An application for a homebuyer assistance activity must stipulate that homebuyer assistance is for first-time homebuyers or qualified veterans only and that the assisted unit will remain as the assisted homebuyer's principal residence throughout the required period of affordability, which must be verified annually by the subrecipient. If the assisted homebuyer fails to maintain the home as the principal residence during the period of affordability, then all HOME funds associated with that address must be repaid to IFA.

ITEM 8. Amend subrule 39.6(10) as follows:

39.6(10) An application for a homebuyer assistance activity must ~~stipulate that all assisted units will be insured for at least the full value of the assisted unit, which must be verified annually by the subrecipient.~~ include a system for:

a. Annual verification that all assisted units are insured for at least the full value of the assisted unit;

b. Underwriting review of the potential homebuyer;

c. Housing counseling to homebuyers; and

d. Application of IFA policies and procedures regarding homebuyer assistance activities.

ITEM 9. Amend subrule 39.7(3) as follows:

39.7(3) Special consideration will be given to applications where 100 percent of the HOME-funded rental units are fully accessible ~~(not adaptable)~~ units.

ITEM 10. Amend subrules 39.8(6) and 39.8(7) as follows:

39.8(6) ~~An~~ A single award shall be limited to no more than: \$600,000 for single-family housing activities assisting homebuyers. An award shall be limited to no more than \$1,000,000 for multifamily housing rental activities.

a. \$600,000 for single-family housing activity, or

b. \$1,000,000 for rental project, or

c. \$1,000,000 for tenant-based rental assistance activity.

39.8(7) Single-family per-unit subsidies.

a. The maximum per-unit subsidy for all single-family housing activities involving rehabilitation is \$37,500. The \$37,500 per-unit limit includes all applicable costs including, but not limited to, the hard costs of rehabilitation or the acquisition subsidy or both; homebuyer assistance activities; technical services costs, including lead hazard reduction carrying costs; lead hazard reduction costs; and temporary relocation. All rehabilitation hard costs funded with HOME funds are limited to \$24,999. All applicable technical services costs, including any lead hazard reduction carrying costs, are limited to \$4,500 per unit.

b. Assistance for single-family housing activities providing acquisition assistance for ~~newly constructed~~ housing (mortgage buy-down, down payment or closing costs assistance or both, or combinations thereof) is limited to \$35,000 per unit, inclusive of all costs, including technical services costs.

ITEM 11. Amend subrule 39.9(8) as follows:

39.9(8) *Compliance with federal, state and local laws and regulations.* Recipients shall comply with these rules, with any provisions of the Iowa Code governing activities performed under this program and with applicable federal, state and local regulations. IFA may require a construction sign meeting specifications outlined by IFA to be erected on the property at the initiation of construction or rehabilitation of rental projects.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 10/30/13.