IOWA FINANCE AUTHORITY[265]

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 265—Chapter 24
"Home- and Community-Based Services Rent Subsidy Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 16.5
State or federal law(s) implemented by the rulemaking: Iowa Code section 16.55

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

June 18, 2024
1:30 to 1:45 p.m.

1963 Bell Avenue
Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis. Written comments in response to this Regulatory Analysis must be received by the Iowa Finance Authority (Authority) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Lisa Connell
Iowa Finance Authority
1963 Bell Avenue, Suite 200
Des Moines, Iowa 50315
Email: lisa.connell@iowaeda.com

Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 24 and adopt a new chapter in lieu thereof. The proposed chapter describes the Home- and Community-Based Services Rent Subsidy Program. The program is designed to provide rent assistance to help participants in certain other programs live in the community.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

Persons who apply and are approved for participation in the program bear the costs of the program requirements described in the chapter.

- Classes of persons that will benefit from the proposed rulemaking:

Persons who apply for and are approved for participation in the program will benefit from improved clarity and streamlining of the rules.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

Applicants for the program could possibly incur minimal costs to document their eligibility but most likely would have such documentation readily available.

- Qualitative description of impact:

Persons who apply and are approved for participation in the program will benefit from improved clarity and streamlining of the rules.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

Authority staff time is required to review and approve applications, disburse funds, and communicate with program participants.

- Anticipated effect on state revenues:

The chapter has no anticipated fiscal impact. The Authority is directed to administer the program by Iowa Code section 16.55. The General Assembly appropriated $873,000 to the program for fiscal year 2024 (2023 Iowa Acts, Senate File 559).

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

The program requirements are no more than necessary to document initial and continuing eligibility of applicants and to effectively distribute funds. The proposed chapter does not impose any additional costs on applicants for or recipients of the program compared to the current chapter.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The Authority has not identified less costly methods or less intrusive methods of administering the program.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

The Authority did not consider any other methods.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

The Authority did not consider any other methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The rules do not have any impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 265—Chapter 24 and adopt the following **new** chapter in lieu thereof:

CHAPTER 24
HOME- AND COMMUNITY-BASED SERVICES RENT SUBSIDY PROGRAM

265—24.1(16) Definitions.

"Applicant" means a person aged 18 or over who participates in one of the home- and community-based services waiver programs, habilitation services, or Money Follows the Person.

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

"Habilitation services" means an Iowa Medicaid program designed to provide home- and community-based services to Iowans with the functional impairments typically associated with chronic mental illnesses.

"Home- and community-based services waiver program" means any of the waiver programs administered by the department of health and human services under the provisions set forth in 441—Chapter 83, the habilitation services waiver, or Money Follows the Person.

"Housing Choice Voucher program" or *"HCV program"* means the federal government's program created in the Housing and Community Development Act of 1974, 42 U.S.C. Ch. 69, §5301 et seq. (1974).

"HUD" means the U.S. Department of Housing and Urban Development.

"Legal guardian" means a person lawfully invested with the power, and charged with the obligation, of taking care of and managing the property and rights of a recipient who, because of age, understanding, or self-control, is considered incapable of administering the recipient's own affairs.

"Money Follows the Person" or *"MFP"* means Iowa's Money Follows the Person partnership for community integration program.

"Program" means the home- and community-based rent subsidy program as defined and structured under this chapter.

"Qualified dependent" means the applicant's child who is claimed as a dependent of the applicant for federal income tax purposes.

"Qualified rental unit" means a housing unit subject to the provisions of Iowa Code chapter 562A and for which a signed written rental agreement exists.

"Recipient" means an applicant approved for and receiving rent subsidy payments under the program.

"Representative payee" means a person who is appointed for a recipient unable to receive and manage the recipient's own benefits due to mental or physical impairments. The representative payee is to use the benefits in the recipient's best interest and is personally liable for misuse of funds.

265—24.2(16) Eligibility requirements.

24.2(1) *Demonstrated need.* An eligible applicant will demonstrate need for rent subsidy by meeting all of the following requirements:

a. The applicant will provide a copy of an executed rental agreement showing the applicant as a tenant, with signatures by the landlord and the applicant or the applicant's legal guardian;

b. The applicant will provide evidence that the applicant pays more than 30 percent of the applicant's gross income for rent, with a minimum contribution of $25 per month;

c. The applicant will not receive any other rental assistance while receiving rent subsidy payments under the program;

d. The applicant will not use this program to substitute for any other ongoing rent subsidy being received at the time of application to this program; and

e. The applicant's rental unit must be a qualified rental unit and must not be owned by someone who lives in the unit.

24.2(2) *Ineligible for other rent subsidies.* An eligible applicant for rent subsidy payments under this program will have been determined ineligible for the HCV program, be on the HCV program waiting list, or document that the HCV program waiting list is closed. If the HCV waiting list is currently closed, the applicant is responsible for monitoring the status of the waiting list application period and must apply at the first available opportunity and provide documentation of an HCV application submission to the local public housing authority. If the authority determines an applicant failed to apply for HCV at the first available opportunity, the authority may remove the applicant from the program or the program waiting list.

265—24.3(16) Application. Applications for the program may be obtained on the authority's website. An applicant shall complete the application and provide all required documentation. For the purposes of this rule, the application date means the date the completed application, including all required documentation, is received by the authority.

24.3(1) The authority will review each completed application and determine whether the applicant is eligible for the program. The applicant may elect to have any of the following notified: legal guardian, case manager or representative payee.

24.3(2) The authority will maintain and administer a statewide waiting list for the program. When an application is received, the applicant will be placed on the waiting list according to the application date unless the provisions of Iowa Code section 16.55 apply.

24.3(3) When funding allows additional applicants to be added to the program, the authority will request updated documentation from the next applicant on the waiting list, and each applicant's eligibility will be determined based upon the updated documentation. If the completed application is not received by the deadline specified by the authority, the applicant may be removed from the waiting list. If the authority determines an applicant is eligible for the program, the authority will notify the applicant of the amount of monthly rent subsidy within 30 days of making the determination.

265—24.4(16) Rent subsidy.

24.4(1) *Use of subsidy.* Assistance shall be used for rental expense.

24.4(2) *Maximum monthly payment for rent.* Assistance for rent will be equal to the lesser of the rent paid by the recipient or the current applicable fair market rent as published by HUD for the area where the recipient's residence is located, less

30 percent of the recipient's gross monthly income. The fair market rent used will be that for a one-bedroom unit or a proportionate share of the fair market rent in living units containing more than one bedroom. When the recipient resides with one or more qualified dependents, the proportionate share may consist of additional bedrooms, applying the same maximum monthly payment standard.

24.4(3) *Monthly payment.* Recipients approved for rent subsidy payments will receive an ongoing monthly payment equal to the amount determined pursuant to subrule 24.4(2). Payments may be made on behalf of a recipient directly to the recipient's landlord.

265—24.5(16) Redetermination of eligibility.

24.5(1) *Time of completion.* A redetermination of eligibility for rent subsidy payments will be completed annually unless one of the following conditions occurs:

a. A change in circumstances that affects eligibility in accordance with rule 265—24.2(16).

b. The recipient moves from the residence stated on the approved application.

c. There is a change greater than $100 in the recipient's gross monthly income.

24.5(2) *Renewal notice.* The authority will send a renewal notice to the recipient and, if applicable, the recipient's legal guardian, case manager or representative payee at least 30 days before the annual redetermination deadline. The renewal notice will specify the annual redetermination deadline and the documentation that must be submitted to the authority.

a. The recipient shall submit the completed application and required documents to the authority as directed on the application.

b. If the authority does not receive the completed application and required documents by the annual redetermination deadline, the recipient's rent subsidy will be terminated.

265—24.6(16) Termination of rent subsidy payments.

24.6(1) *Reasons for termination.* The authority may terminate the rent subsidy at the end of a month in which any of the following occur:

a. The recipient does not meet one or more of the eligibility criteria listed in rule 265—24.2(16).

b. The recipient fails to submit documentation required pursuant to subrule 24.5(2) by the deadline established by the authority.

c. Rent subsidy program funds are exhausted for the fiscal year.

d. The recipient, case manager, legal guardian or representative payee threatens physical violence or injury toward authority staff.

e. The recipient provides false information.

f. The recipient, legal guardian or representative payee misuses rent subsidy payments for purposes other than rent assistance.

g. The recipient is not in compliance with any other programs offered or administered by the authority while receiving rent subsidy payments.

24.6(2) *Notification to recipient.* If the authority terminates a recipient's rent subsidy, the authority will notify the recipient in writing.

24.6(3) *Reporting of changes.* The recipient or the recipient's legal guardian or representative payee, as applicable, is required to report to the authority any changes that may affect eligibility within ten business days of the occurrence of the change, including changes in circumstance listed under subrule 24.5(1). Failure to do so may result in the recipient's responsibility to repay rent subsidy funds dating back to the recipient's failure to report the change and termination of the rent subsidy.

These rules are intended to implement Iowa Code section 16.55.