

CHAPTER 28
LOCAL HOUSING ASSISTANCE PROGRAM

261—28.1(15) Purpose. The local housing assistance program is designed to assist communities on a cooperative basis to address a range of housing development needs to position the communities for economic development, to meet housing needs arising as a result of other economic development in the area and to meet other unmet housing needs.

261—28.2(15) Definitions. When used in this chapter, unless the context otherwise requires:

“*Activity*” means one or more specific housing activities, projects or programs assisted with LHAP funds.

“*Community*” means a city or county, or an entity established pursuant to Iowa Code chapter 28E.

“*Economic development*” means community action that directly leads to creation of more jobs or higher-paying jobs than were available before the action.

“*Economic development organization*” means an entity organized for the purpose of creating more jobs or higher-paying jobs in an area.

“*HART*” means the housing application review team, a body of affordable housing funding agencies which meets to review housing proposals.

“*Housing trust fund*” means a fund for housing development that is sustained over time by dedicated revenues or earnings on invested capital.

“*IDED*” means the Iowa department of economic development.

“*LHAP*” means local housing assistance program.

“*Local housing organization*” means an entity organized to represent community housing development interests.

“*Local support*” means endorsement by local individuals or entities that have a substantial interest in a housing activity, particularly by those whose opposition or indifference would hinder the activity’s success.

“*Recipient*” means the entity under contract with IDED to receive LHAP funds and undertake the funded housing activity.

“*Recognized neighborhood association*” means a group acknowledged by a city council or county board of supervisors as having the authority to speak for the general needs and welfare of a neighborhood.

“*Subrecipient*” means an entity operating under an agreement or contract with a recipient to carry out a funded LHAP activity.

261—28.3(15) Eligible applicants. Eligible applicants for LHAP funds include all incorporated cities and counties within the state of Iowa, housing trust funds, local housing organizations, recognized neighborhood associations, economic development organizations and homeless service providers.

28.3(1) Any eligible applicant may apply directly or on behalf of a subrecipient.

28.3(2) Any eligible applicant may apply individually or jointly with another eligible applicant or other eligible applicants.

261—28.4(15) Eligible activities and forms of assistance.

28.4(1) Eligible activities include those which better position a community to take advantage of economic development opportunities, meet housing needs arising as a result of previous successful economic development efforts in the area or meet other unmet housing needs. Eligible activities include new construction, rehabilitation, conversion, reconstruction, acquisition, demolition for the purpose of clearing lots for housing development, site improvement, provision of shelter and housing to homeless families and individuals and other housing-related activities as may be deemed appropriate by IDED.

a. Assisted housing shall be nonluxury housing with suitable amenities.

b. Assisted housing may be single-family housing or multifamily housing, and may be designed for occupancy by homeowners or tenants.

28.4(2) Eligible forms of assistance include grants, interest-bearing loans, non-interest-bearing loans, interest subsidies, deferred payment loans, forgivable loans, loan guarantees or other forms of assistance as may be approved by IDED.

261—28.5(15) Application procedure. LHAP funds shall be awarded through an annual competition.

28.5(1) IDED shall announce the availability of funds and instructions for applying for funds through direct mail, public notices, media releases, workshops and other means determined necessary by IDED.

28.5(2) Application forms shall be available upon request from IDED, 200 East Grand Avenue, Des Moines, Iowa 50309, (515)242-4825.

28.5(3) IDED may provide technical assistance as necessary to applicants.

28.5(4) to 28.5(7) Rescinded IAB 1/23/02, effective 12/21/01.

261—28.6(15) Minimum application requirements. To be considered for funding under LHAP, an application must meet the following preliminary review criteria:

28.6(1) Rescinded IAB 1/23/02, effective 12/21/01.

28.6(2) The application must propose a housing development activity designed to position the community to take advantage of economic development opportunities, to meet housing needs arising as a result of previous successful economic development efforts in the area or to meet other unmet housing needs.

28.6(3) There must be demonstrated local support for the proposed activity.

28.6(4) A need for LHAP funds must exist after all other financial resources have been identified for the proposed activity.

28.6(5) Sufficient local, state or federal funds either are not available or cannot be obtained within the time frame required to complete the proposed activity.

261—28.7(15) Application review criteria. IDED shall evaluate applications and make funding decisions using criteria which include the following:

1. Did the need for the proposed activity arise as a result of economic development efforts or opportunities not reflected in the housing needs assessment? If so, can the applicant demonstrate that lack of LHAP funding will cause the failure of the economic development efforts necessitating the proposed housing activity?

2. Has a comprehensive housing plan for the community for which the activity is proposed been adopted?

3. To what extent are other financial resources leveraged by the proposed LHAP assistance?

4. Does the application demonstrate the linkages between the proposed housing activity and specific economic development efforts or opportunities in the area?

5. Is there evidence of local administrative capacity?

6. Can the proposed activity be completed in a timely manner?

7. Is there coordination with other housing and economic development efforts in conjunction with the proposed activity?

8. Does the form of assistance requested allow opportunities for reuse of funds?

9. Will the proposed activity have a significant impact on the identified housing need?

10. Have problems related to the proposed activity been resolved or are solutions addressed in the application?

11. Are costs related to the proposed housing activity reasonable?

12. IDED staff may conduct site evaluations of proposed activities.

261—28.8(15) Allocation of funds.

28.8(1) IDED may retain up to 2½ percent of LHAP funds for administrative costs associated with program implementation and operation.

28.8(2) LHAP awards shall be limited to no more than \$500,000.

a. Recipients may use up to 5 percent of a total LHAP award for administrative costs.

b. IDEED reserves the right to negotiate the amount and terms of an award and the amount of administrative costs proposed.

28.8(3) If LHAP funds remain after awards are made under the annual competition, IDEED may announce the availability of remaining funds and award remaining funds through another competition consistent with the application procedures described in this chapter.

261—28.9(15) Administration of awards. Applications selected to receive LHAP awards shall be notified by letter from the IDEED director at a date determined by IDEED, which shall be no later than 90 days after the application due date.

28.9(1) *A contract shall be executed between the recipient and IDEED.* These rules and applicable state laws and regulations shall be part of the contract.

a. The recipient must execute and return the contract to IDEED within 45 days of transmittal of the final contract from IDEED. Failure to do so may be cause for IDEED to terminate the award.

b. Certain activities may require that permits or clearances be obtained from other state or local agencies before the activity may proceed. Awards may be conditioned upon the timely completion of these requirements.

c. Awards may be conditioned upon commitment of other sources of funds necessary to complete the housing activity.

d. Awards may be conditioned upon IDEED receipt and approval of an administrative plan for the funded activity.

28.9(2) *Requests for funds.* Recipients shall submit requests for funds in the manner and on forms prescribed by IDEED. Individual requests for funds shall be made in an amount equal to or greater than \$500 per request, except for the final draw of funds.

28.9(3) *Record keeping and retention.* The recipient shall retain all financial records, supporting documents and all other records pertinent to the LHAP activities for three years after contract closeout. Representatives of IDEED shall have access to all records belonging to or in use by recipients pertaining to LHAP funds.

28.9(4) *Performance reports and reviews.* Recipients shall submit performance reports to IDEED in the manner and on forms prescribed by IDEED. Reports shall assess the use of funds and progress of activities. IDEED may perform any reviews or field inspections necessary to ensure recipient performance.

28.9(5) *Amendments to contracts.* Any substantive change to a contract shall be considered an amendment. Changes include time extensions, budget revisions and significant alteration of the funded activities that change the scope, location, objectives or scale of the approved activity. Amendments must be requested in writing by the recipient and are not considered valid until approved in writing by IDEED following the procedure specified in the contract between the recipient and IDEED.

28.9(6) *Contract closeout.* Upon contract expiration, IDEED shall initiate contract closeout procedures.

28.9(7) *Compliance with 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 local regulations.

28.9(8) *Remedies for noncompliance.* At any time before contract closeout, IDEED may, for cause, find that a recipient is not in compliance with the requirements of this program. At IDEED's discretion, remedies for noncompliance may include penalties up to and including the return of program funds to IDEED. Reasons for a finding of noncompliance include but are not limited to the recipient's use of funds for activities not described in the contract, the recipient's failure to complete funded activities in a timely manner, the recipient's failure to comply with applicable state or local rules or regulations or the lack of a continuing capacity of the recipient to carry out the approved activity in a timely manner.

28.9(9) *Appeals process for findings of noncompliance.* Appeals will be entertained in instances where it is alleged that IDEED staff participated in a decision which was unreasonable, arbitrary, capricious or otherwise beyond the authority delegated to IDEED. Appeals should be addressed to the division administrator of the division of community and rural development. Appeals shall be in writing and submitted to IDEED within 15 days of receipt of the finding of noncompliance. The appeal shall

include reasons why the decision should be reconsidered. The director will make the final decision on all appeals.

These rules are intended to implement Iowa Code section 15.353.

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