

CHAPTER 23
TRANSITIONAL HOUSING REVOLVING LOAN PROGRAM

265—23.1(16) Purpose. Through its transitional housing revolving loan program (program), the authority seeks to assist in the development of affordable housing for parents who are reuniting with their children while completing or participating in substance abuse treatment. This chapter implements Iowa Code section 16.48.

[ARC 2002C, IAB 5/27/15, effective 7/1/15]

265—23.2(16) Priority of loan awards. It is the authority's intent to award loans under the program to those applicants that meet all of the requirements of this chapter and satisfy all threshold and underwriting requirements of the applicable qualified allocation plan adopted by the authority pursuant to 265—12.1(16). The authority intends to award the available funds under this program each year if applicants meet all applicable requirements, provided, however, that the authority shall give preference in the manner it deems most appropriate to projects that reunite mothers with their children. The authority will announce its expected amount of funds available prior to each tax credit application deadline. To the extent that sufficient funds are not available to fully fund all applications, awards under this program will be funded in the following order of priority:

1. Applicants awarded tax credits under the service-enriched set-aside;
2. Applicants awarded tax credits under any other set-aside; and
3. Applicants awarded tax credits outside of a set-aside.

Applicants within set-asides will compete based on points awarded under the qualified allocation plan.

265—23.3(16) Application process. Applications will be reviewed as part of an annual competition. Applications must be submitted in conjunction with the applicant's application for low-income housing tax credits, as set forth in the applicable qualified allocation plan. Once funds have been allocated, the authority will not accept for review any applications seeking funding until the next low-income housing tax credit application deadline. Applications for assistance under this program must be made on forms and in the manner provided by the authority. Inquiries with respect to this program should be made to those persons identified on the authority's Web site at www.iowafinanceauthority.gov as contacts for this program.

265—23.4(16) Program guidelines. For-profit and nonprofit sponsors are eligible to apply for assistance under this program based on the following program guidelines:

23.4(1) A project eligible for assistance must meet the following criteria:

a. A project must be geographically located in close proximity to a substance abuse treatment program, licensed pursuant to Iowa Code sections 125.13 and 125.21. Close proximity is defined as within a ten-mile radius of the substance abuse treatment program.

b. A project must be developed using low-income housing tax credits.

c. Applicants must satisfy all of the requirements of the applicable qualified allocation plan, including the plan, application and application instructions, all applicable attachments and exhibits, and applicable provisions of the Internal Revenue Code and the accompanying Treasury regulations.

d. Assistance provided under this program must enable the project to maintain financial feasibility and affordability for at least the term of the assistance.

e. Operating and replacement reserve funds must be adequately funded in the amounts required by the applicable qualified allocation plan.

23.4(2) The following types of activities are eligible for assistance:

a. Acquisition and rehabilitation.

b. New construction.

c. Such other similar activities as may be determined by the authority to fall within the guidelines and purposes established for this program.

23.4(3) Assistance will be provided upon the following terms and conditions:

a. Generally, the minimum loan amount is \$100,000, and the maximum loan amount is \$700,000. The maximum loan term and amortization period are each 20 years. Notwithstanding the above loan term and amortization period, the authority may, in its sole discretion, extend the loan term and amortization period to no more than 30 years.

b. The debt service ratio must be at least 1.25:1, as calculated by the authority. In addition, the loan-to-value ratio of the project, as calculated by the authority, will be considered. Notwithstanding the above debt service ratio, the authority may, in its sole discretion, accept a lower debt service ratio based on the final underwriting of the project.

c. Interest rates will be set by the authority, in its sole discretion.

d. Loans shall be secured by a first mortgage. Construction financing may be awarded to projects.

e. Recipients of assistance must agree to observe several covenants and restrictions, including but not limited to recorded affordability and transfer restrictions, all in accordance with such loan and mortgage documents as may be required by the authority under this program.

f. The recipient must provide adequate evidence that its title in the real estate on which the project is to be located is a marketable title pursuant to Iowa Land Title Examination Standards, or other applicable law. Adequate evidence of marketable title is demonstrated by either (1) a title opinion of an attorney authorized to practice law in Iowa showing that the loan recipient has marketable title, or (2) a title guaranty certificate issued by the title guaranty division of the Iowa finance authority showing the recipient as the guaranteed.

g. Recipients must execute such documents and instruments and must provide such information, certificates and other items as determined necessary by the authority, in its sole discretion, in connection with any assistance.

23.4(4) Loan fees.

a. Loan fees are as follows:

(1) Commitment fee (construction period) – 1.0 percent of loan amount.

(2) Commitment fee (permanent loan) – 2.0 percent of loan amount.

(3) Inspection fee (construction loan) – 0.5 percent of loan amount.

b. The authority may, in limited cases, reduce such fees if necessary in connection with assistance provided under this program. Such decision will be made in the sole discretion of the authority.

265—23.5(16) Authority analysis of applications. Authority staff will analyze and underwrite each potential project and will make recommendations for funding assistance to the board of the authority. Authority staff will use such procedures and processes in its underwriting and analysis as it deems necessary and appropriate in connection with furthering the purposes of this program. In addition, the authority anticipates that, because of the complex nature of each transaction and the particular sets of circumstances attributable to each particular application/transaction, the terms and conditions of loans will vary from project to project. The authority will make available its general operating procedures and guidelines for this program.

265—23.6(16) Discretion of authority board. The authority board of directors has the sole and final discretion to award or not award assistance and to approve final loan terms.

265—23.7(16) Closing/advance of funds. If all requirements of the authority are not met in accordance with any time frames set by the authority and to the complete satisfaction of the authority, all in the sole discretion of the authority, the authority may determine to cease work on an approved project and, accordingly, not advance any funds for such project.

These rules are intended to implement Iowa Code section 16.48.

[Filed 9/9/05, Notice 8/3/05—published 9/28/05, effective 11/2/05]

[Filed ARC 2002C (Notice ARC 1856C, IAB 2/4/15), IAB 5/27/15, effective 7/1/15]