

CHAPTER 3  
MULTIFAMILY HOUSING

Chapter rescission date pursuant to Iowa Code section 17A.7: 3/26/30

**265—3.1(16) Purpose.** Through the multifamily loan program (program) established pursuant to this chapter, the authority seeks to preserve the existing supply of affordable rental units at risk of being lost and to foster the production of new affordable rental units in the state.

[ARC 8901C, IAB 2/19/25, effective 3/26/25]

**265—3.2(16) Application procedure.** Applications will be reviewed by the authority upon receipt.

[ARC 8901C, IAB 2/19/25, effective 3/26/25]

**265—3.3(16) Eligibility.**

**3.3(1) Eligible applicants.** As determined by the authority, to be eligible for a loan under the program, applicants shall:

- a. Demonstrate a market need for the units.
- b. Agree to observe certain compliance measures, including a recorded agreement to ensure long-term affordability.
- c. Obtain a local contributing effort in an amount of up to 1 percent of the proposed loan when requested by the authority.
- d. Agree to a change of management, general partner, or managing member when requested by the authority.
- e. Agree to Multifamily Accelerated Processing (MAP) of the U.S. Department of Housing and Urban Development (HUD), when requested by the authority.
- f. Agree to participate in the HUD Risk-Sharing Program, when requested by the authority.
- g. Execute such documents and instruments as may be required by the authority.
- h. Provide such information, certificates and other items requested by the authority.
- i. Obtain a title guaranty certificate from the authority's title guaranty division protecting the authority's interest in the real property securing the loan, including any endorsements required by the authority, unless specifically waived by the authority.

**3.3(2) Eligible projects.** As determined by the authority, to be eligible for a loan under the program, projects shall:

- a. Be financially feasible for at least the term of the assistance.
- b. Have adequately funded replacement and operating reserve funds.
- c. Consist of at least five housing units.
- d. For the term of the loan, reserve at least 75 percent of the housing units for tenants whose income is at or below 80 percent of the area median income and whose rent is no more than 30 percent of the income of a family whose annual income is 80 percent or less of the area median income.

**3.3(3) Loan terms.**

- a. Loans under this program may have a maximum loan term of 24 months for construction financing and 40 years for permanent financing.
- b. Other terms and conditions of loans under this program may vary from project to project.

**3.3(4) Maximum loan fees are as follows:**

- a. Commitment fee (construction period) - 1.0 percent of total development costs.
- b. Commitment fee (permanent loan) - 2.0 percent of loan amount.
- c. Inspection fee (construction period) - \$500 per inspection; inspections will typically occur with each draw or on a monthly basis during construction.
- d. Application fee - 0.3 percent of proposed loan amount.
- e. Asset management fee - calculated as \$25 per unit × number of total project units; submitted annually on or before January 31.

*f.* The authority may, in limited cases, reduce such fees if necessary in connection with assistance provided under this program.

[ARC 8901C, IAB 2/19/25, effective 3/26/25]

**265—3.4(16) Multifamily loan program for workforce housing loan assistance.**

**3.4(1) Eligible applicants.** To be eligible for a loan under this rule (the “primary loan”), applicants shall:

- a.* Be an Iowa city or county (the “borrower”).
- b.* Agree to use the primary loan proceeds to make a loan to a third party to build housing in the applicant’s jurisdiction that meets the requirements of this rule and subrules 3.3(1), 3.3(3), and 3.3(4) (the “secondary loan”).

**3.4(2) Eligible projects.** As determined by the authority, to be eligible for a loan under this rule, projects shall:

- a.* Be financially feasible for at least the term of the assistance.
- b.* Have adequately funded replacement and operating reserve funds.
- c.* Consist of at least five housing units.
- d.* For the term of the loan, reserve at least 50 percent of the housing units rehabilitated or created with the proceeds of the secondary loan for families whose annual income at the time of leasing is at or below 120 percent of the area median income and whose rent is no more than 30 percent of the income of a family whose annual income is 120 percent or less of the area median income unless the authority agrees otherwise.
- e.* Preference shall be given to cities and counties that can document an increased need for housing as the result of new job creation within the city’s or the county’s jurisdiction.

**3.4(3) Loan terms.**

- a.* The primary loan is a general obligation of the borrower, but may be unsecured.
- b.* The borrower shall use funds received in repayment of the secondary loan first to make the scheduled principal and interest payments on the primary loan. Any secondary loan payments remaining after all then-due scheduled payments on the primary loan have been repaid may be reloaned by the borrower on the same basis as if such secondary loan payment amounts were proceeds of the primary loan.

[ARC 8901C, IAB 2/19/25, effective 3/26/25]

**265—3.5(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 directors of the authority. Meeting the eligibility criteria in these rules is not a guaranty of receiving funds. Authority staff will determine the necessary and appropriate procedures and processes for underwriting and analysis to further 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, as such may be revised from time to time.

[ARC 8901C, IAB 2/19/25, effective 3/26/25]

These rules are intended to implement Iowa Code section 16.5C(1).

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