

CHAPTER 39
HOME INVESTMENT PARTNERSHIPS PROGRAM

265—39.1(16) Purpose. The primary purpose of the HOME investment partnerships program is to 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.

[ARC 8963B, IAB 7/28/10, effective 7/8/10; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13]

265—39.2(16) Definitions. When used in this chapter, unless the context otherwise requires:

“*Activity*” means one or more specific housing activities, projects or programs assisted through the HOME investment partnerships program.

“*Administrative plan*” means a document that a HOME recipient establishes that describes the operation of a funded activity in compliance with all state and federal requirements.

“*Affordability period*” means the length of time a recipient or subrecipient must impose the rent or occupancy income restrictions on the units assisted by HOME funds as established by federal program requirements.

“*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 (July 24, 2013).

“*Consolidated plan*” means the state’s housing and community development planning document and the annual action plan update approved by HUD.

“*Contract*” means a binding written agreement between IFA and the recipient or subrecipient for the purpose of utilizing HOME funds to 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.

“*HOME*” means the HOME Investment Partnerships Program, authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990.

“*HUD*” means the U.S. Department of Housing and Urban Development.

“*IFA*” means the Iowa finance authority.

“*Low-income*” means families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD. An individual does not qualify as a low-income family if the individual is enrolled as a student at an institution of higher education; is under 24 years of age; is not a veteran of the United States military; is unmarried; does not have a dependent child; and is not otherwise individually low-income or does not have parents who qualify as low-income.

“*Program income*” means gross income received by the participating jurisdiction, state recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions.

“*Project*” means a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking. The project includes all the activities associated with the site and building. For tenant-based rental assistance, project means assistance to one or more families.

“*Recaptured funds*” means HOME funds which are recouped by the recipient when the housing unit assisted by the HOME program homebuyer funds does not continue to be the principal residence of the assisted homebuyer for the full affordability period.

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

“*Repayment*” means HOME funds which the recipient shall repay to IFA because the funds were invested in a project or activity that is terminated before completion or were invested in a project or activity which failed to comply with federal program requirements.

“*Subrecipient*” means a public agency or nonprofit organization selected by IFA to administer all or a portion of an activity to produce affordable housing, provide down payment assistance, or provide tenant-based rental assistance under the HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a subrecipient. The selection of

a subrecipient by IFA is not subject to the procurement procedures and requirements under federal or state law.

[ARC 8963B, IAB 7/28/10, effective 7/8/10; ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 9764B, IAB 10/5/11, effective 11/9/11; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.3(16) Eligible applicants. Eligible applicants for HOME assistance include all incorporated cities and all counties within the state of Iowa, nonprofit 501(c) organizations, CHDOs, and for-profit corporations or partnerships. Any eligible applicant may apply directly to IFA.

[ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.4(16) Eligible activities and forms of assistance.

39.4(1) Eligible activities may include tenant-based rental assistance, rental housing rehabilitation, rental housing new construction and adaptive reuse, homebuyer assistance that includes some form of direct subsidy to the homebuyer, and other housing-related activities as may be deemed appropriate by IFA.

39.4(2) Eligible forms of assistance include grants, interest-bearing loans, non-interest-bearing loans, interest subsidies, deferred payment loans, forgivable loans or other forms of assistance as may be approved by IFA.

39.4(3) Program income must be returned to IFA.

39.4(4) A site including any building located thereon or project acquired or used for rental activities must be held in fee simple title by the recipient upon the disbursement of HOME funds and throughout the contract term with IFA. An installment contract or leasehold interest is not an acceptable recipient interest.

39.4(5) A site including any building located thereon or project acquired or used for homebuyer activities must be held in fee simple title by the recipient or homebuyer upon the disbursement of HOME funds and throughout the contract term with IFA. An installment contract or leasehold interest is not an acceptable recipient or homebuyer interest.

[ARC 8963B, IAB 7/28/10, effective 7/8/10; ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 9802B, IAB 10/5/11, effective 9/16/11; ARC 9764B, IAB 10/5/11, effective 11/9/11; ARC 0003C, IAB 2/8/12, effective 1/20/12; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.5(16) Application procedure. HOME applications will be received from eligible applicants as often as the state expects funding from HUD. The applications must be submitted on the forms or online system prescribed by IFA and must, at a minimum, include the amount of funds requested, a description of the need for the funds, documentation of other available funding sources, the source of required local match, and the estimated number of persons to be served by the applicant. Maximum and minimum grant awards will be established by IFA for each competition.

[ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.6(16) Application requirements. To be considered for HOME assistance, an application shall meet the following threshold criteria.

39.6(1) The application shall propose a housing activity consistent with the HOME fund purpose and eligibility requirements and the state consolidated plan.

39.6(2) The application shall document the applicant's capacity to administer the proposed activity. Such documentation may include evidence of successful administration of prior housing activities. IFA reserves sole discretion to deny funding to an applicant that has failed to comply with federal or state requirements in the administration of a previous project funded by the state of Iowa or that failed to comply with federal requirements in the administration of a previous project funded in any other state. Documentation of the ability of the applicant to provide technical services and the availability of certified lead professionals and contractors either trained in safe work practices or certified as abatement contractors may also be required as applicable to the HOME fund activity.

39.6(3) Recipients of a homebuyer assistance activity must require the beneficiaries of the homebuyer assistance activity to use a principal mortgage loan product that meets the following criteria:

a. With the exception of Habitat for Humanity principal mortgage loan products, the principal mortgage loan must be the only repayable loan in all individual homebuyer assistance projects.

b. The HOME assistance must be recorded in second lien position to the principal mortgage loan, if one exists. Recipients of HOME homebuyer assistance must maintain their assistance security agreements in the above-stated recording position throughout the applicable period of affordability and will not be allowed to subordinate the required recording position to any other form of assistance, such as home equity loans. A homebuyer search is required, and any collection/unpaid obligation that would become a judgment or any judgments must be paid in full prior to closing.

c. Any mortgage lending entity's principal mortgage loan products may be used provided they meet all of the following minimum requirements:

(1) The loan must be a fully amortizing, fixed-rate loan with rate not to exceed Fannie Mae 90-day yield + 0.125%;

(2) No less than a 15-year, fully amortized, fixed-rate mortgage shall be used; and

(3) No adjustable rate mortgages or balloon payment types of mortgages will be allowed.

[ARC 8963B, IAB 7/28/10, effective 7/8/10; ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 9764B, IAB 10/5/11, effective 11/9/11; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.7(16) Application review criteria.

39.7(1) IFA shall evaluate applications and make funding decisions based on general activity criteria, need, impact, feasibility, and activity administration based upon the specific type of activity to be undertaken. The activity criteria shall be a part of the application. Training will be offered prior to the application deadline to provide information and technical assistance to potential applicants.

39.7(2) Notice of the availability of funding and the funding round requirements will be placed on IFA's Web site at www.iowafinanceauthority.gov.

[ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.8(16) Allocation of funds.

39.8(1) IFA may retain up to 10 percent of the state's annual HOME allocation from HUD for administrative costs associated with program implementation and operation.

39.8(2) Not less than 15 percent of the state's annual HOME allocation shall be reserved for eligible housing activities developed, sponsored or owned by CHDOs.

39.8(3) Subrecipients shall identify general administrative costs in the HOME application. IFA reserves the right to negotiate the amount of funds provided for general administration, but in no case shall the amount for general administration exceed 10 percent of a total HOME award. Only local government and nonprofit recipients are eligible for general administrative funds. Subrecipients must certify that all general administrative costs reimbursed by HOME funds are separate from and not reimbursed by HOME as technical services costs.

39.8(4) IFA reserves the right to negotiate the amount and terms of a HOME award.

39.8(5) IFA reserves the right to make award decisions such that the state maintains the required level of local match to HOME funds.

[ARC 8963B, IAB 7/28/10, effective 7/8/10; ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 9764B, IAB 10/5/11, effective 11/9/11; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13; ARC 3425C, IAB 10/25/17, effective 11/29/17]

265—39.9(16) Administration of awards. Applicants selected to receive HOME awards shall be notified by letter from the IFA executive director or designee. A contract shall be executed between the recipient and IFA. These rules, the approved application, the IFA HOME Program Guide for the specified activity and all applicable federal and state laws and regulations shall be part of the contract.

39.9(1) Requests for funds. Recipients shall submit requests for funds in the manner and on forms prescribed by IFA. Adequate and itemized documentation supporting the amount of funds requested shall be provided to and approved by IFA prior to release of funds. For rental projects, IFA may retain up to 10 percent of the total HOME award for up to 30 days after the recipient satisfactorily completes the

work, all HOME-assisted units have been initially occupied, and a final draw and completion form has been submitted to and approved by IFA.

39.9(2) Construction sign. 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. [ARC 8963B, IAB 7/28/10, effective 7/8/10; ARC 9284B, IAB 12/15/10, effective 1/19/11; ARC 9764B, IAB 10/5/11, effective 11/9/11; ARC 0500C, IAB 12/12/12, effective 11/19/12; ARC 1140C, IAB 10/30/13, effective 12/4/13; ARC 3425C, IAB 10/25/17, effective 11/29/17]

These rules are intended to implement Iowa Code sections 16.5(1)“f” and 16.5(1)“m” and the Cranston-Gonzalez National Affordable Housing Act of 1990.

[Filed Emergency ARC 8963B, IAB 7/28/10, effective 7/8/10]

[Filed ARC 9284B (Notice ARC 9159B, IAB 10/20/10), IAB 12/15/10, effective 1/19/11]

[Filed Emergency ARC 9802B, IAB 10/5/11, effective 9/16/11]

[Filed ARC 9764B (Notice ARC 9644B, IAB 7/27/11), IAB 10/5/11, effective 11/9/11]

[Filed Emergency ARC 0003C, IAB 2/8/12, effective 1/20/12]

[Filed Emergency After Notice ARC 0500C (Notice ARC 0296C, IAB 8/22/12), IAB 12/12/12, effective 11/19/12]

[Filed ARC 1140C (Notice ARC 0997C, IAB 9/4/13), IAB 10/30/13, effective 12/4/13]

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