

CHAPTER 3  
MULTIFAMILY HOUSING

MULTIFAMILY LOAN PROGRAM

**265—3.1(16) Purpose.** Through its multifamily loan program (program), 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.

**265—3.2(16) Available funds.** The authority anticipates that it will, from time to time, publicize the approximate amount of funds available under this program on the authority's Web site at [www.iowafinanceauthority.gov](http://www.iowafinanceauthority.gov).

**265—3.3(16) Intent of the authority.** It is the authority's intent to allow maximum discretion and flexibility to be used by those applying for assistance under this program, and to allow discretion and flexibility to be used by the authority in its analysis and awarding of loans and grants under this program. It is the position of the authority that such discretion and flexibility are essential to structuring transactions that will work to foster affordable housing in the state in a manner that best serves the citizens of the state.

**265—3.4(16) Application procedure.** 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 as contacts for this program. Once contacted with an inquiry, the authority will send an application package to the potential applicant. The authority will take such applications from time to time and will analyze and award loans to applicants on an ongoing basis. It is the position of the authority that such flexibility in taking and reviewing applications and making awards will best serve to foster affordable housing in the state.

**265—3.5(16) Program guidelines.** For-profit and nonprofit sponsors are eligible to apply for assistance under this program.

**3.5(1)** Projects eligible for assistance must meet the following criteria:

- a.* Both a demonstrated market need for the units must exist and the project must be in a good location, as determined by the authority in its sole discretion.
- b.* Assistance provided under this program must enable the project to maintain financial feasibility and affordability for at least the term of the assistance.
- c.* Maintenance and debt service reserve funds must be adequately funded, as determined by the authority in its sole discretion.
- d.* The maximum loan term is 24 months for construction financing and 40 years for permanent financing.
- e.* At least 75 percent of the units must be restricted to tenants whose income is at or below 80 percent of the area median income and have rents that are affordable.
- f.* Projects must have at least five units.
- g.* Rescinded IAB 12/25/13, effective 1/29/14.
- h.* Construction and permanent financing may be awarded to projects under the program.
- i.* Borrowers must covenant to observe certain compliance measures, including a recorded agreement to ensure long-term affordability.
- j.* A title guaranty certificate from the authority's title guaranty division is required on all loans, unless specifically waived by the authority.
- k.* A local contributing effort, consistent with Iowa Code section 16.4(3), in an amount of up to 1 percent of the proposed loan may be required by the authority, if feasible, for loans made under this chapter. If a local contributing effort is required, evidence of such local contributing effort shall be presented to the authority.
- l.* The authority may require a change of management or general partner when appropriate.

*m.* FHA-insured loans may be available through the Multifamily Accelerated Processing (MAP) of HUD, if the authority is an approved MAP lender at the time of the loan closing. The authority may require or suggest such a MAP loan for any and all projects applying for assistance. In addition, the authority may participate in the HUD Risk-Sharing Program and may suggest or require such a loan for any and all projects applying for assistance.

*n.* Rescinded IAB 12/25/13, effective 1/29/14.

*o.* 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.

**3.5(2)** 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 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.

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.

[ARC 8078B, IAB 8/26/09, effective 8/7/09; ARC 8789B, IAB 6/2/10, effective 5/12/10; ARC 9028B, IAB 8/25/10, effective 9/29/10; ARC 1252C, IAB 12/25/13, effective 1/29/14]

**265—3.6(16) Multifamily loan program for preservation of affordable housing.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.7(16) Multifamily loan program for low-income housing tax credits.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.8(16) Multifamily loan program for workforce housing loan assistance.** Projects eligible for loans under this category must satisfy the following conditions, in addition to (or instead of, if there is a conflict) the requirements of rule 265—3.5(16):

**3.8(1)** A loan made under this category (the “primary loan”) shall be made to an Iowa city or county for the purpose of being reloaned by the borrower in order to provide financial assistance to an identified project to rehabilitate or create new rental workforce or affordable multifamily housing within the borrower’s jurisdiction (the “secondary loan”). The authority may restrict the use of funds to a designated portion of the borrower’s jurisdiction.

**3.8(2)** At least 50 percent of the housing units rehabilitated or created with the proceeds of the secondary loan shall be restricted to families whose annual income at the time of leasing is at or below 120 percent of the area median income, unless the authority agrees otherwise.

**3.8(3)** The primary loan may be unsecured, but it shall constitute a general obligation of the borrower.

**3.8(4)** Preference under this category shall be given to cities and counties that can document an increased need for housing as the result of new job creation within their jurisdiction.

**3.8(5)** 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 8789B, IAB 6/2/10, effective 5/12/10; ARC 9028B, IAB 8/25/10, effective 9/29/10]

**265—3.9(16) Multifamily loan program for substantial rehabilitation of nonrestricted projects.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.10(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, that 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 8789B, IAB 6/2/10, effective 5/12/10; ARC 9028B, IAB 8/25/10, effective 9/29/10]

**265—3.11(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.

[ARC 8789B, IAB 6/2/10, effective 5/12/10; ARC 9028B, IAB 8/25/10, effective 9/29/10]

**265—3.12(16) Closing/advance of funds.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.13 to 3.19** Reserved.

#### PREDEVELOPMENT LOAN FUND

**265—3.20(16) Purpose.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.21(16) Available funds.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.22(16) Intent of the authority.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.23(16) Application procedure.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.24(16) Fund guidelines.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.25(16) Authority analysis of applications.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.26(16) Discretion of authority board.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.27(16) Closing/advance of funds.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.28 to 3.30** Reserved.

#### GAP FINANCING FUND

**265—3.31(16) Purpose.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.32(16) Intent of the authority.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.33(16) Application procedure.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.34(16) Fund guidelines.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.35(16) Authority analysis of applications.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.36(16) Discretion of authority board.** Rescinded ARC 1252C, IAB 12/25/13, effective 1/29/14.

**265—3.37(16) Closing/advance of funds.** Rescinded **ARC 1252C**, IAB 12/25/13, effective 1/29/14.

**265—3.38 to 3.40** Reserved.

These rules are intended to implement Iowa Code sections 16.5(17), 16.18(1) and 16.18(2).

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[Filed Emergency ARC 8078B, IAB 8/26/09, effective 8/7/09]

[Filed Emergency ARC 8789B, IAB 6/2/10, effective 5/12/10]

[Filed ARC 9028B (Notice ARC 8790B, IAB 6/2/10), IAB 8/25/10, effective 9/29/10]

[Filed ARC 1252C (Notice ARC 1144C, IAB 10/30/13), IAB 12/25/13, effective 1/29/14]