

**261—25.4 (15) Eligible activities and forms of assistance.**

**25.4(1)** Eligible activities include transitional housing, tenant-based rental assistance, rental housing rehabilitation (including conversion and preservation), rental housing new construction, home ownership assistance (including development subsidies), owner-occupied housing rehabilitation, and other housing-related activities as may be deemed appropriate by IDEED. Assisted housing may be single-family housing or multifamily housing and may be designed for occupancy by homeowners or tenants.

*a.* Assisted units shall be affordable.

(1) For rental activities, all assisted units shall rent at the lesser of the area fair market rents or a rent that does not exceed 30 percent of 65 percent of the area median family income and, for projects with five or more units, 20 percent of the assisted units shall rent at the lesser of the fair market rent or a rent that does not exceed 30 percent of 50 percent of the area median family income. Assisted units shall remain affordable for a specified period: 20 years for newly constructed units; 15 years for rehabilitated units receiving over \$40,000 per unit in assistance; 10 years for rehabilitated units receiving \$15,000 to \$40,000 per unit in assistance; and 5 years for projects receiving less than \$15,000 per unit.

(2) For tenant-based rental assistance, gross rents shall not exceed the jurisdiction's applicable rent standard and shall be reasonable, based on rents charged for comparable, unassisted rental units.

(3) For home ownership assistance, the initial purchase price for newly constructed units or the after rehabilitation value for rehabilitated units shall not exceed 95 percent of the median purchase price as established by HUD mortgage limits for the same type of single-family housing in the area. Assisted units shall remain affordable through recapture or resale provisions for a specified period: 5 years for projects receiving less than \$15,000 in assistance per unit; 10 years for projects receiving \$15,000 to \$40,000 in assistance per unit; and 15 years for projects receiving over \$40,000 in assistance per unit.

(4) For owner-occupied housing rehabilitation, the after rehabilitation value of the rehabilitated unit shall not exceed 95 percent of the median purchase price as established by HUD mortgage limits for the same type of single-family housing in the area.

*b.* Assisted households shall meet income limits established by federal program requirements.

(1) For rental activities, all assisted units shall be rented to households with incomes at or below 80 percent of the area's median family income; at initial occupancy, 90 percent of the units shall be rented to households with incomes at or below 60 percent of the area's median family income and, for projects with five or more units, 20 percent of the units shall be rented initially to households with incomes at or below 50 percent of the area's median family income.

(2) For tenant-based rental assistance, only households with incomes at or below 80 percent of the area median family income shall be assisted; 90 percent of the households served shall have incomes at or below 60 percent of the area's median family income.

(3) For home ownership assistance and owner-occupied rehabilitation, only households with incomes at or below 80 percent of the area median family income shall be assisted.

*c.* Property standards. All newly constructed housing (single-family and multifamily housing) shall be constructed in accordance with any locally adopted and enforced building codes, standards and ordinances. In the absence of locally adopted and enforced building codes, the requirements of the state building code shall apply.

(1) All rental activities involving rehabilitation shall be rehabilitated in accordance with any locally adopted and enforced building or housing codes, standards and ordinances. In the absence of locally adopted and enforced building or housing codes, the requirements of the state building code shall apply.

(2) All single-family housing involving rehabilitation shall be rehabilitated in accordance with any locally adopted building or housing codes, standards and ordinances. In the absence of locally adopted and enforced building or housing codes, the requirements of the most current version of Iowa's Minimum Housing Rehabilitation Standards shall apply (all communities with populations of 15,000 or less).

*d. Iowa green communities criteria.* All newly constructed housing (single-family and multifamily housing) and all multifamily rental activities involving gut rehabilitation shall meet the mandatory requirements of the Iowa green communities criteria. All other multifamily rental activities involving rehabilitation (that is, not gut rehabilitation) shall meet the applicable mandatory requirements of the Iowa green communities criteria regarding rehabilitation.

**25.4(2)** Eligible forms of IDED assistance to its recipients 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 IDED.

**25.4(3)** For all single-family housing projects or activities assisting homeowners or homebuyers, the only form of housing fund assistance to the end beneficiary is a forgivable loan.

**25.4(4)** Special provisions for the American Dream Downpayment Initiative (ADDI). The purpose of the ADDI program is to provide down payment and closing cost or acquisition assistance for the purchase of a principal residence. This program is available only to low-income persons or households that are first-time homebuyers.

*a. Applicant eligibility.* Units of local government and nonprofit organizations may apply for ADDI funds.

*b. Beneficiary requirements.* Only first-time homebuyers (as defined in rule 261—25.2(15)) purchasing a principal residence and meeting income eligibility criteria may be the beneficiaries of ADDI assistance.

*c. Eligible uses of funds.* Only the purchase of single-family, single-unit housing may be assisted by the ADDI program and only in the following manner:

- (1) As a down payment plus reasonable and customary closing costs on the purchase of a principal residence.
- (2) As gap financing for the cost of acquisition of a principal residence for an eligible homebuyer.

*d. Limitations on amounts of ADDI assistance.*

- (1) The per unit assistance is \$10,000.
- (2) The maximum ADDI award per applicant is \$200,000.

*e. ADDI program requirements.* In addition to the housing fund program requirements stated within this chapter, the ADDI program requires specific federal regulations to be followed in the implementation of this program activity. Grant recipients must:

- (1) Conduct targeted outreach to public housing tenants and families receiving rental assistance from public housing agencies to encourage low- and moderate-income (LMI) households to move from renting to home ownership.
- (2) Ensure long-term affordability of all assisted units.
- (3) Document income eligibility determination for all assisted units.
- (4) Document that all assisted properties meet the property standards at 24 CFR 92.251.
- (5) Require that all housing units assisted with ADDI funds meet the HUD maximum per unit subsidy level.

(6) Meet all applicable cross-cutting federal regulations included in the HOME statute, including but not limited to: federal regulations pertaining to nondiscrimination, fair housing practices, minority outreach, lead-safe housing regulations in assisted units constructed prior to January 1, 1978, and the Uniform Relocation Act (URA).

*f. ADDI is considered as a separate home ownership assistance activity.* ADDI funds may be used as a stand-alone activity or utilized in conjunction with another housing fund eligible home ownership activity.