

House Study Bill 599 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CHAIRPERSON WHEELER)

A BILL FOR

1 An Act relating to matters under the purview of the Iowa
2 finance authority, including the purchase of single-family
3 or multifamily residences by a first-time homebuyer, the
4 creation of the first-time homebuyer grant fund, providing
5 for fees, and making an appropriation.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 16.43 First-time homebuyer grant
2 fund — appropriation.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "*First-time homebuyer*" means an individual who is
6 a resident of this state and who does not own, either
7 individually or jointly, a single-family or multifamily
8 residence, and who has not owned or purchased, either
9 individually or jointly, a single-family or multifamily
10 residence for a period of ten years prior to the date the
11 individual submits an application to the authority pursuant to
12 subsection 4.

13 b. "*Household income*" means all income received by the
14 first-time homebuyer and all individuals eighteen years of age
15 or older who reside with the first-time homebuyer.

16 2. A first-time homebuyer grant fund is created within the
17 authority. Moneys in the first-time homebuyer grant fund are
18 appropriated to the authority to be used to provide grants
19 to first-time homebuyers with a household income that does
20 not exceed eighty percent of the national average to assist
21 them in paying down payment and closing costs associated with
22 purchasing a single-family or multifamily residence.

23 3. For the fiscal year beginning July 1, 2020, and each
24 fiscal year thereafter, there is appropriated from the general
25 fund of the state to the first-time homebuyer grant fund the
26 sum of two hundred fifty thousand dollars to be used for grants
27 as provided in this section. Notwithstanding section 8.33,
28 moneys in the fund that remain unencumbered or unobligated
29 at the close of the fiscal year shall not revert but shall
30 remain available for expenditure for the purposes designated.
31 Notwithstanding section 12C.7, subsection 2, interest or
32 earnings on moneys in the fund shall be credited to the fund.

33 4. A first-time homebuyer seeking an award pursuant to this
34 section shall make application to the authority in the manner
35 prescribed by the authority. The authority shall establish

1 by rule criteria for the review and approval of submitted
2 applications. Authority may determine and collect a reasonable
3 application fee. The application fees collected shall be used
4 exclusively for costs associated with the review and approval
5 of applications.

6 5. To qualify for a grant under the fund, all of the
7 following requirements shall be met:

8 a. The single-family or multifamily residence must serve
9 as the first-time homebuyer's primary residence after the
10 purchase.

11 b. Prior to the purchase, the first-time homebuyer must
12 complete the financial literacy program established under
13 the federal affordable housing program, codified at 12
14 U.S.C. §1430(j), or a similar program to be developed by the
15 authority.

16 c. The maximum purchase price for the single-family or
17 multifamily residence to be purchased must not exceed an amount
18 determined by the authority by rule.

19 6. The maximum amount of a grant the authority may award to
20 a first-time homebuyer under this section is two thousand five
21 hundred dollars.

22 7. To the extent possible, the authority shall track
23 when a first-time homebuyer who received a grant pursuant to
24 this section sells a single-family or multifamily residence
25 purchased using the grant funds. If a first-time homebuyer who
26 received a grant pursuant to this section sells a single-family
27 or multifamily residence purchased using the grant funds within
28 five years following the date of purchase, the first-time
29 homebuyer shall notify the authority of the sale, and shall
30 pay to the authority an amount equal to forty-one dollars and
31 sixty-seven cents multiplied by the difference between sixty
32 less the number of months the first-time homebuyer owned the
33 single-family or multifamily residence. The payments received
34 by the authority under this subsection shall be deposited in
35 the fund.

1 8. The authority may adopt rules as necessary for the
2 implementation and administration of this section.

3 EXPLANATION

4 The inclusion of this explanation does not constitute agreement with
5 the explanation's substance by the members of the general assembly.

6 This bill relates to matters under the purview of the Iowa
7 finance authority, including the purchase of single-family
8 or multifamily residences by a first-time homebuyer, the
9 creation of the first-time homebuyer grant fund, and making an
10 appropriation.

11 The bill defines "first-time homebuyer" as an individual
12 who is a resident of this state and who does not own, and
13 who has not owned for the last 10 years, either individually
14 or jointly, a single-family or multifamily residence. The
15 bill defines "household income" as all income received by the
16 first-time homebuyer and all individuals 18 years of age or
17 older who reside with the first-time homebuyer.

18 The bill establishes a first-time homebuyer grant fund
19 within the authority. The bill authorizes the authority to
20 provide grants from the fund to first-time homebuyers with
21 a household income that does not exceed 80 percent of the
22 national average to assist them in paying down payment and
23 closing costs for a single-family or multifamily residence.
24 The bill appropriates \$250,000 to the fund beginning July 1,
25 2020, and each fiscal year thereafter.

26 The bill requires a first-time homebuyer seeking an award
27 from the fund to submit an application to the authority. The
28 bill provides that the authority is to establish criteria for
29 the review and approval of applications by rule and that the
30 authority may determine and collect a reasonable application
31 fee. In addition, the bill directs that such application fees
32 be used exclusively for costs associated with the review and
33 approval of the applications.

34 The bill also establishes three requirements that must be
35 met before moneys can be awarded from the fund: the residence

1 must serve as the first-time homebuyer's primary residence;
2 the first-time homebuyer must complete a financial literacy
3 program; and the maximum purchase price for the residence to
4 be purchased must not exceed the amount determined by the
5 authority.

6 The bill limits the amount the authority may award to a
7 first-time homebuyer from the fund to \$2,500.

8 The bill directs the authority, to the extent possible, to
9 track when a first-time homebuyer sells a residence that was
10 purchased using moneys from the fund. The bill also requires
11 first-time homebuyers to notify the authority of the sale of
12 the residence purchased and repay moneys to the fund in certain
13 circumstances. If a first-time homebuyer who received a grant
14 from the fund sells the residence purchased within five years
15 following the purchase, the first-time homebuyer shall notify
16 the authority of the sale and shall pay to the authority an
17 amount equal to \$41.67 multiplied by the difference between 60
18 less the number of months the first-time homebuyer owned the
19 residence. The bill provides that these payments are to be
20 deposited in the fund.

21 The bill requires the authority to adopt rules as necessary
22 for implementation and administration of the grant fund.