

**Senate File 2211 - Introduced**

SENATE FILE 2211

BY COURNOYER

**A BILL FOR**

1 An Act relating to homeownership by creating the home loan  
2 program fund and the housing renewal program fund within  
3 the Iowa finance authority and amending qualifications for  
4 individual development accounts, and making appropriations  
5 and transfers.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 16.43 Home loan program fund.

2 1. A home loan program fund is created in the state  
3 treasury under the control of the authority. The fund shall  
4 consist of moneys appropriated to or deposited in the fund.  
5 Moneys in the fund are appropriated to the authority for the  
6 purpose of providing grants to nonprofit organizations that  
7 provide affordable mortgages or home repair loans to low-income  
8 persons. Moneys transferred by the authority for deposit  
9 in the home loan program fund, moneys appropriated to the  
10 home loan program fund, and any other moneys available to  
11 and obtained or accepted by the authority for placement in  
12 the home loan program fund shall be deposited in the fund.  
13 Additionally, payment of interest, recaptures of awards,  
14 and other repayments to the home loan program fund shall be  
15 deposited in the fund.

16 2. Notwithstanding section 12C.7, subsection 2, interest  
17 or earnings on moneys in the home loan program fund shall be  
18 credited to the fund. Notwithstanding section 8.33, moneys  
19 that remain unencumbered or unobligated at the end of the  
20 fiscal year shall not revert but shall remain available for the  
21 same purpose in the succeeding fiscal year.

22 3. The authority shall develop an application process to  
23 receive a grant from the fund. To be eligible to receive a  
24 grant, all of the following must be true:

25 a. The applicant must be a nonprofit organization, with its  
26 primary office located in Iowa, that focuses on homeownership  
27 lending.

28 b. The applicant must be certified by the federal  
29 department of the treasury as a community development financial  
30 institution loan fund.

31 4. A loan provided from the grant moneys shall be limited to  
32 persons whose income is less than one hundred twenty percent of  
33 the latest area median income of the region as calculated by  
34 the federal department of housing and urban development.

35 5. Moneys granted from the fund may be used for mortgage

1 or home repair loans, educational opportunities for borrowers,  
2 loan loss reserves, and reasonable administrative expenses.  
3 The authority may also provide loans, in an intermediary  
4 capacity, to other nonprofit housing organizations that provide  
5 mortgage or home repair loans and educational opportunities  
6 for borrowers meeting the criteria in subsection 4. At least  
7 one-half of the grants available in the fund shall be provided  
8 to applicants serving rural communities.

9 6. The authority shall adopt rules pursuant to chapter 17A  
10 necessary to implement and administer this section, including  
11 but not limited to eligibility requirements for financial  
12 institutions or other lenders to receive funding through the  
13 home loan program fund. The authority shall use no more than  
14 five percent of moneys allocated for program administration.

15 Sec. 2. NEW SECTION. 16.52 **Housing renewal program fund.**

16 1. A housing renewal program fund is created in the  
17 state treasury under the control of the authority. The fund  
18 shall consist of moneys appropriated to or deposited in the  
19 fund. Moneys in the fund are appropriated to the authority  
20 to establish and administer a housing renewal program. Under  
21 the program, the authority shall provide grants to eligible  
22 participants for purposes of acquisition, rehabilitation, and  
23 resale of ownership units and the acquisition and demolition  
24 of blighted structures and redevelopment of ownership units.  
25 Moneys transferred by the authority for deposit in the housing  
26 renewal program fund, moneys appropriated to the housing  
27 renewal program fund, and any other moneys available to and  
28 obtained or accepted by the authority for placement in the  
29 housing renewal program fund shall be deposited in the fund.  
30 Additionally, payment of interest, recaptures of awards, and  
31 other repayments to the housing renewal program fund shall be  
32 deposited in the fund.

33 2. Notwithstanding section 12C.7, subsection 2, interest or  
34 earnings on moneys in the housing renewal program fund shall  
35 be credited to the fund. Notwithstanding section 8.33, moneys

1 that remain unencumbered or unobligated at the end of the  
2 fiscal year shall not revert but shall remain available for the  
3 same purpose in the succeeding fiscal year.

4 3. Twenty-five percent of moneys appropriated to the fund  
5 shall be allocated to rural communities in the eighty-eight  
6 least populated counties in the state.

7 4. *a.* A city, county, a consortium of local governments, an  
8 organization exempt from taxation pursuant to section 501(c)(3)  
9 of the Internal Revenue Code, and a housing trust fund are  
10 eligible to receive a grant from the fund for a project that  
11 meets a purpose described in subsection 1 and that is any of  
12 the following:

13 (1) Rehabilitation activities that equal or exceed  
14 twenty-five thousand dollars and are substantial to the human  
15 health, safety, and energy efficiency of the unit.

16 (2) Demolition of a blighted structure that exhibits  
17 objectively determinable signs of deterioration sufficient  
18 to constitute a threat to human health, safety, and public  
19 welfare.

20 *b.* The grantee will determine the geographic location of the  
21 project.

22 *c.* The authority shall not award a grantee more than  
23 one million dollars. The grantee shall not use more than  
24 one hundred thousand dollars per ownership unit on the  
25 project. A grantee may use up to ten percent of the grant for  
26 administration of the project.

27 *d.* (1) The grantee shall have thirty-six months from the  
28 date of the signed contract between the authority and the  
29 grantee to complete the project. A project will be considered  
30 completed when the funds have been expended and the ownership  
31 units are finished and available for sale.

32 (2) If a grantee has no project activity within thirty-six  
33 months from the date of the signed contract between the  
34 authority and the grantee, the grant award shall be returned to  
35 the authority for deposit in the housing renewal program fund.

1 e. The grantee shall sell the renewed ownership unit to  
2 a homebuyer whose income is under the one hundred twenty  
3 percent area median income and who will occupy the ownership  
4 unit as the homebuyer's primary residence. The deed to the  
5 ownership unit must contain a restrictive resale requirement  
6 that prohibits the buyer or a subsequent owner from selling the  
7 ownership unit to a person with an income above the one hundred  
8 twenty percent area median income for five years from the date  
9 the grantee sold the ownership unit.

10 5. A grantee may use income generated from the sale of  
11 ownership units only for the purpose of additional program  
12 eligible expenses.

13 6. The authority shall adopt rules pursuant to chapter  
14 17A necessary to implement and administer this section. The  
15 authority shall not use more than five percent of moneys  
16 allocated to the fund for administration of the program.

17 Sec. 3. Section 541A.2, subsection 1, paragraph a, Code  
18 2022, is amended to read as follows:

19 a. To be eligible to open an account, a prospective account  
20 holder must have a household income that is equal to or less  
21 than two hundred fifty percent of the federal poverty level and  
22 has completed a financial counseling curriculum.

23 Sec. 4. Section 541A.2, Code 2022, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 10. An account holder may make withdrawals  
26 from the account holder's account for up to three years from  
27 the date the account is opened.

28 Sec. 5. DEPARTMENT OF HUMAN RIGHTS — INDIVIDUAL  
29 DEVELOPMENT ACCOUNT STATE MATCH FUND — APPROPRIATION.  
30 Notwithstanding the purpose described in section 541A.7,  
31 subsection 2, there is appropriated to the individual  
32 development account state match fund created in section 541A.7  
33 the following amount, or so much thereof as is necessary, for  
34 the promotion of affordable homeownership and to increase  
35 self-reliance among individual development account holders and

1 potential account holders:

2 ..... \$ 1,000,000

3 Sec. 6. HOME LOAN PROGRAM FUND — TRANSFER. There is  
4 transferred from the general fund of the state to the home  
5 loan program fund created in section 16.43 for the fiscal year  
6 beginning July 1, 2022, and ending June 30, 2023, the following  
7 amount:

8 ..... \$ 25,000,000

9 Sec. 7. HOUSING RENEWAL PROGRAM FUND — TRANSFER. There is  
10 transferred from the general fund of the state to the housing  
11 renewal program fund for the fiscal year beginning July 1,  
12 2022, and ending June 30, 2023, the following amount:

13 ..... \$ 25,000,000

14 EXPLANATION

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

17 This bill requires the Iowa finance authority (authority) to  
18 establish a home loan program fund for the purpose of providing  
19 and fostering lending programs and other services to facilitate  
20 mortgage and repair loans to low-income and moderate-income  
21 homebuyers and homeowners, creates a housing renewal program  
22 to invest in housing rehabilitation and redevelopment in  
23 this state, and also makes changes to individual development  
24 accounts.

25 The bill provides that the home loan program fund shall  
26 include a forgivable loan program for qualifying home  
27 improvements, repairs, and renovations for an owner-occupied  
28 home. The bill requires the authority to adopt rules governing  
29 the loan program and specifies the types of improvements,  
30 repairs, and renovations authorized for the program. An  
31 applicant is eligible to receive a grant from the home loan  
32 program fund if the applicant is a nonprofit organization,  
33 with its primary office located in Iowa, that focuses on  
34 homeownership lending and the applicant is certified by the  
35 federal department of the treasury as a community development

1 financial institution loan fund. A loan provided from the  
2 grant shall be limited to persons whose income is less than 120  
3 percent of the latest area median income of the region. The  
4 program shall earmark half of the moneys allocated to the fund  
5 to serve rural communities.

6 The bill provides for a transfer of \$25 million from the  
7 general fund of the state to the home loan program fund  
8 intended to be used for purposes of the home loan program.  
9 The bill provides that all moneys in the fund which remain  
10 unexpended or unobligated at the close of a fiscal year shall  
11 not revert but shall remain available in subsequent fiscal  
12 years. The program may use up to 5 percent of the moneys  
13 allocated for program administration.

14 The bill creates the housing renewal program fund within  
15 the authority. The program shall provide grants to a city,  
16 county, a consortium of local governments, nonprofit 501(c)(3)  
17 organization, or housing trust fund to acquire, rehabilitate,  
18 or demolish blighted structures, and redevelop ownership units  
19 with 25 percent of moneys appropriated to the fund earmarked  
20 for rural communities in the 88 least populated counties in  
21 the state. An approved project must be a rehabilitation  
22 activity estimated to cost \$25,000 or more and be substantial  
23 to the human health, safety, and energy efficiency of the unit  
24 or a demolition of a blighted structure that is a threat to  
25 human health, safety, and public welfare. A grant may be no  
26 more than \$1 million and a project shall not spend more than  
27 \$100,000 in the rehabilitation of a single ownership unit. A  
28 grantee has three years, to complete the project and sell the  
29 rehabilitated or new affordable housing ownership units, and if  
30 there has been no progress on an approved project within three  
31 years the grantee shall return the grant award money to the  
32 authority to be returned to the housing renewal program fund.  
33 When selling a completed ownership unit, the grantee must sell  
34 the unit to a homebuyer purchasing a primary residence that is  
35 under the 120 percent area median income with a covenant that

1 restricts the buyer from selling the unit to a person with an  
2 income that exceeds 120 percent of the area median income for  
3 five years.

4 The bill provides for a transfer of \$25 million from the  
5 general fund of the state to the housing renewal program fund.  
6 The bill provides that all moneys in the fund which remain  
7 unexpended or unobligated at the close of a fiscal year shall  
8 not revert but shall remain available in subsequent fiscal  
9 years. The program may use up to 5 percent of the moneys  
10 allocated for program administration.

11 Individual development accounts are matched savings accounts  
12 that can typically be used only for purchasing a first home,  
13 capitalizing a small business, or educational or job training  
14 expenses to enable low-income families to save, build assets,  
15 and develop financial independence. Accounts are held at local  
16 financial institutions.

17 The bill changes the eligibility requirements for an  
18 individual development account by providing that a person must  
19 have household income that is equal to or less than the 250  
20 percent federal poverty level and has completed a financial  
21 counseling curriculum. Under current law, a person's household  
22 income has to be at or below the 200 percent of the federal  
23 poverty level and there is no requirement to complete a  
24 financial counseling curriculum.

25 The bill provides that an account holder may use the  
26 individual development account for up to three years.

27 The bill provides for a \$1 million appropriation in order  
28 to promote affordable homeownership to low-income Iowans. The  
29 Iowa development accounts program has not received new funding  
30 in several years and previous funding has gone primarily to  
31 homeownership.