

CHAPTER 25 HOUSING FUND

261—25.1(15) Purpose. The primary purpose of the housing fund, made up of federal CDBG funds, is to retain the supply of decent and affordable housing for low- and moderate-income Iowans.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.2(15) Definitions. When used in this chapter, unless the context otherwise requires:

“Activity” means one or more specific owner-occupied housing rehabilitation activities, projects or programs assisted through the housing fund.

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

“CDBG” means the community development block grant non-entitlement program, the grant program authorized by Title I of the Housing and Community Development Act of 1974, for counties and cities, except those designated by HUD as entitlement areas.

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

“Housing fund” means the program implemented by this chapter and funded through the state’s CDBG allocation from HUD.

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

“IEDA” means the Iowa department of economic development.

“Iowa green communities criteria” means a set of rating factors, some optional and some mandatory, prepared by IEDA and intended to promote public health, energy efficiency, water conservation, smart locations, operational savings and sustainable building practices.

“Lead hazard reduction or abatement carrying costs” means the additional costs incurred by lead professionals to ensure that target housing is lead-safe at the completion of rehabilitation. “Lead hazard reduction or abatement carrying costs” includes, but is not limited to, required notifications and reports, lead hazard or abatement evaluations, revisions to project specifications to achieve lead safety, lead hazard reduction or abatement oversight, and clearance testing and final assessment.

“Local financial support” means financial investment by the recipient through the use of the recipient’s own discretionary funds that are a permanent financial contribution or commitment applied to and related to the objectives of the housing activity or project assisted through the housing fund and that are used during the same time frame as the requested housing activity or project.

“Local support” means involvement, endorsement and investment by citizens, organizations and the governing body of the local government in which the housing project is located that promote the objectives of the housing activity or projects assisted through the housing fund.

“Program income” means funds generated by a recipient or subrecipient from the use of CDBG funds.

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

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

“Repayment” means housing fund moneys which the recipient must repay to IEDA 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 requirements.

“Single-family unit” means one dwelling unit designated or constructed to serve only one household or family as the primary residence. Single-family units include a detached single unit, condominium unit, cooperative unit, or combined manufactured housing unit and lot.

“Single parent” means an individual who (1) is unmarried or is legally separated from a spouse and (2) is pregnant or has one or more minor children for whom the individual has custody or joint custody.

“Technical services” means all services that are necessary to carry out individual, scattered site activities including but not limited to: (1) conducting initial inspections, (2) work write-up or project specification development, (3) cost estimate preparation, (4) construction supervision associated with activities that do not require an architect or engineer, (5) lead hazard reduction or lead abatement need determination and oversight, (6) lead hazard reduction or abatement carrying costs, (7) temporary relocation coordination, (8) financing costs such as security agreement preparation and recording or filing fees, (9) processing of individual applications for assistance, (10) income eligibility determination and verification, and (11) project-specific environmental clearance processes.

“Technical services provision” means the cost to provide other individual housing project-related services such as: (1) financing costs (security agreement preparation, recording and filing fees), (2) processing individual applications for assistance, (3) income eligibility determination and verification, and (4) project-specific environmental clearance.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.3(15) Eligible applicants. Eligible applicants shall comply with all requirements in 261—23.5(15). Eligible applicants for housing fund assistance include all non-entitlement incorporated cities and all counties within the state of Iowa.

1. Any eligible applicant may apply directly.
2. Any eligible applicant may apply individually or jointly with another eligible applicant or other eligible applicants.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.4(15) Eligibility and forms of assistance.

1. The only eligible activity for the housing fund is owner-occupied housing rehabilitation for low- to moderate-income households. Assisted housing shall be single-family housing designed for occupancy by homeowners as their principal residence. For owner-occupied housing rehabilitation, assisted households shall meet income limits established by federal program requirements. All single-family housing receiving rehabilitation assistance shall be rehabilitated in accordance with any locally adopted building or housing codes, standards, and ordinances. If locally adopted and enforced building or housing codes do not exist, the Iowa Minimum Housing Rehabilitation Standards shall apply.
2. Eligible forms of IEDA assistance to its recipients include grants or other forms of assistance as may be approved by IEDA.
3. For all single-family housing renovation projects assisting homeowners, the only form of housing fund assistance to the end beneficiary is a forgivable loan.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.5(15) Application review. Housing fund applications shall be reviewed through an annual competition. IEDA reserves the right to withhold funding from the annual housing fund competitive cycle to compensate for insufficient numbers or quality of applications received and to reallocate de-obligated or recaptured funds. In the event that funds are withheld from the annual competitive cycle, IEDA will entertain additional applications, requests for proposals, or other forms of requests as deemed appropriate by IEDA.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.6(15) Minimum application requirements. To be considered for housing fund assistance, an application shall meet the following threshold criteria:

1. The application shall propose an owner-occupied housing rehabilitation program consistent with the housing fund purpose and eligibility requirements, sustainability and smart growth principles, and the state consolidated plan.
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. IEDA reserves the right to deny funding to an applicant that has failed to comply with federal and state requirements in the administration of a previous project funded by IEDA. Documentation of the ability of the applicant to provide technical services and of the availability of certified lead professionals and contractors trained in safe work practices may also be required as applicable to the housing fund activity.
3. The application shall provide evidence of the need for the proposed activity, the potential impact of the proposed activity, consistency with sustainability and smart growth principles, and the feasibility of the proposed activity.
4. The application shall demonstrate local support for the proposed activity.
5. The application shall include a certification that the applicant will comply with all applicable state and federal laws and regulations.

[ARC 8418B, IAB 12/30/09, effective 2/3/10; ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.7(15) Application review criteria. IEDA shall evaluate applications and make funding decisions based on general activity criteria, need, impact, sustainability and feasibility. A workshop will be held at least 60 days prior to the application deadline to provide information, materials, and technical assistance to potential applicants.

1. As applicable, the review criteria for owner-occupied housing rehabilitation applications shall include the following:
 - a. *General criteria.*
 - 1) Activity objectives.
 - 2) Target area of benefit and reason for selection.
 - 3) Condition of infrastructure in the activity area served.
 - 4) Form of assistance to homeowners.
 - 5) Selection criteria for participants.
 - 6) Method to determine that the property is the homeowner's principal residence.
 - 7) Assurance of compliance with the most current version of Iowa's Minimum Housing Rehabilitation Standards.
 - 8) Assurance of compliance with HUD lead-safe housing regulations, as applicable.
 - 9) Plans for properties infeasible to rehabilitate.
 - 10) Activity time line.
 - b. *Need, impact and feasibility criteria.*
 - 1) Evidence of need for the activity.
 - 2) Percentage of need to be met through the activity.
 - 3) Number and percentage of low- and moderate-income persons in the community.

- 4) Housing costs, housing supply, vacancy rate of owner-occupied units in the activity area served.
- 5) Other recent or current housing improvement activities in the community.
- 6) Ongoing comprehensive community development efforts in the activity area served.
- 7) New businesses or industries in the past five years in the community, including startup dates.
- 8) Local involvement and financial support.
- 9) Condition of housing in the target area in the following criteria:
 1. Number of housing units with minor deficiencies.
 2. Number of housing units requiring replacement of one or two of the major components.
 3. Number of housing units requiring both replacement of several major components and structural work.
 4. Number of dilapidated housing units.
- c. *Administrative criteria.*
 - 1) Plan for activity administration.
 - 2) Previous activity management experience.
 - 3) Budget for general administration.
 - 4) Budget for technical services assistance.
 - 5) List of prior CDBG owner-occupied rehabilitation funding and performance targets completed.
2. IEDA staff may conduct site evaluations of proposed activities.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.8(15) Allocation of funds.

1. IEDA may retain a portion of the amount provided for at rule 261—23.4(15) of the state's annual CDBG allocation from HUD for administrative costs associated with program implementation and operation.
2. IEDA reserves the right to limit the amount of funds that shall be awarded.
3. The maximum per unit subsidy for all single-family activities involving rehabilitation projects is \$37,500. The \$37,500 per unit limit includes all applicable costs including, but not limited to, the hard costs of rehabilitation; technical services costs, including lead hazard reduction carrying costs; lead hazard reduction costs; and temporary relocation. All rehabilitation hard costs funded with housing funds are limited to \$24,999. All applicable technical services costs, including any lead hazard reduction carrying costs, are limited to \$4,500 per unit.
4. Recipients shall identify general administrative costs in the housing fund application. IEDA 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 housing fund award.
5. IEDA reserves the right to negotiate the amount and terms of a housing fund award.

[ARC 8418B, IAB 12/30/09, effective 2/3/10; ARC 9326B, IAB 1/12/11, effective 2/16/11]

261—25.9(15) Administration of awards. Applications selected to receive housing fund awards shall be notified by letter from the IEDA director.

1. A contract shall be executed between the recipient and IEDA. These rules, the approved housing fund application, the housing fund management guide and all applicable federal and state laws and regulations shall be part of the contract.
 - a. The recipient shall execute and return the contract to IEDA within 45 days of transmittal of the final contract from IEDA. Failure to do so may be cause for IEDA to terminate the award.

- b. Certain activities may require that permits or clearances be obtained from other state or local agencies before the activity may proceed. Contracts may be conditioned upon the timely completion of these requirements.
 - c. Awards shall be conditioned upon commitment of other sources of funds included in the application budget.
 - d. Release of funds shall be conditioned upon IEDA's receipt of an administrative plan for the funded activity.
 - e. Release of funds shall be conditioned upon IEDA's receipt and approval of documentation of environmental clearance.
2. Local administrative and technical services contracts.
 - a. Recipients awarded funds for general administration that employ the services of a third-party administrator to perform all or part of the general administrative functions for the recipient shall enter into a contractual agreement for the general administrative functions to be performed.
 - b. Recipients awarded funds for activities requiring technical services (e.g., inspections, work write-ups, cost estimates, construction supervision, lead hazard reduction need determination and oversight, lead hazard reduction carrying costs, and temporary relocation coordination) that employ a third-party entity to perform all or part of the technical services shall enter into a contractual agreement for the technical services to be performed.
 - c. Recipients that employ a third party to perform all or part of the general administration for the recipient and that also employ a third party to perform all or part of the technical services for the recipient shall conduct separate procurement transactions and shall enter into separate contractual agreements for each: one contract for general administration and one contract for technical services. Separate contracts are required even if both functions are performed by the same third-party entity.
 3. Requests for funds. Recipients shall submit requests for funds in the manner and on forms prescribed by IEDA. Individual requests for funds shall be made in whole dollar amounts equal to or greater than \$500 per request, except for the final draw of funds.
 4. Record keeping and retention.
 - a. CDBG-funded projects. For CDBG-funded projects, the recipient shall retain all financial records, supporting documents and all other records pertinent to the funded activity for five years after the state of Iowa has closed out the corresponding program year with HUD.
 - b. Representatives of IEDA, HUD, the Inspector General, the General Accounting Office and the state auditor's office shall have access to all records belonging to or in use by recipients and subrecipients pertaining to a housing fund award.
 5. Performance reports and reviews. Recipients shall submit performance reports to IEDA in the manner and on forms prescribed by IEDA. Reports shall assess the use of funds and progress of activities. IEDA may perform reviews or field inspections necessary to ensure recipient performance.
 6. Amendments to contracts. Any substantive change to a contract shall be considered an amendment. Changes include time extensions, budget revisions and significant alterations of the funded activities affecting the scope, location, objectives or scale of the approved activity. Amendments shall be requested in writing by the CEO of the recipient and are not considered valid until approved in writing by IEDA following the procedure specified in the contract between the recipient and IEDA.
 7. Contract closeout. Upon the contract expiration date or work completion date, as applicable, IEDA shall initiate closeout procedures. Recipients shall comply with applicable audit requirements described in the housing fund application and management guide.
 8. Compliance with federal, state and local laws and regulations. Recipients shall comply with these rules, with any provisions of the Iowa Code governing activities performed under this program and with applicable federal, state and local regulations.

9. Remedies for noncompliance. At any time, IEDA may, for cause, find that a recipient is not in compliance with the requirements of this program. At IEDA's discretion, remedies for noncompliance may include penalties up to and including the return of program funds to IEDA. Reasons for a finding of noncompliance include the recipient's use of funds for activities not described in the contract, the recipient's failure to complete funded activities in a timely manner, the recipient's failure to comply with applicable federal, state or local rules or regulations or the lack of a continuing capacity of the recipient to carry out the approved activities in a timely manner.
10. Appeals process for findings of noncompliance. Appeals will be entertained in instances where it is alleged that IEDA staff participated in a decision which was unreasonable, arbitrary, or capricious or otherwise beyond the authority delegated to IEDA. Appeals should be addressed to the division administrator of the division of community development. Appeals shall be in writing and submitted to IEDA within 15 days of receipt of the finding of noncompliance. The appeal shall include reasons why the decision should be reconsidered. The IEDA director will make the final decision on all appeals.

[ARC 9326B, IAB 1/12/11, effective 2/16/11]

These rules are intended to implement Iowa Code section 15.108(1) "a."

[Filed emergency 5/22/92 after Notice 3/18/92—published 6/10/92, effective 5/22/92]
 [Filed 12/18/92, Notice 10/14/92—published 1/6/93, effective 2/10/93]
 [Filed emergency 2/26/93—published 3/17/93, effective 2/26/93]
 [Filed emergency 8/20/93—published 9/15/93, effective 8/20/93]
 [Filed emergency 10/22/93 after Notice 8/18/93—published 11/10/93, effective 10/22/93]
 [Filed emergency 10/20/95 after Notice 8/16/95—published 11/8/95, effective 10/20/95]
 [Filed emergency 10/18/96 after Notice 9/11/96—published 11/6/96, effective 10/18/96]
 [Filed 1/23/98, Notice 12/17/97—published 2/11/98, effective 3/18/98]
 [Filed 9/17/98, Notice 8/12/98—published 10/7/98, effective 11/11/98]
 [Filed 9/16/99, Notice 7/14/99—published 10/6/99, effective 11/10/99]
 [Filed 4/21/00, Notice 2/9/00—published 5/17/00, effective 6/21/00]
 [Filed emergency 7/20/00 after Notice 5/17/00—published 8/9/00, effective 7/20/00]
 [Filed 12/22/00, Notice 10/18/00—published 1/10/01, effective 2/14/01]
 [Filed emergency 11/29/01 after Notice 10/17/01—published 12/26/01, effective 11/29/01]
 [Filed 8/30/02, Notice 7/10/02—published 9/18/02, effective 10/23/02]
 [Filed 7/15/04, Notice 5/12/04—published 8/4/04, effective 9/8/04]
 Ch 25, p.6 Economic Development[261] IAC 1/12/11
 [Filed emergency 11/19/04 after Notice 10/13/04—published 12/22/04, effective 11/19/04]
 [Filed emergency 11/16/06 after Notice 8/30/06—published 12/20/06, effective 11/17/06]
 [Filed 8/16/07, Notice 7/4/07—published 9/12/07, effective 10/17/07]
 [Filed 9/18/08, Notice 7/16/08—published 10/8/08, effective 11/12/08]
 [Filed emergency 9/26/08—published 10/22/08, effective 9/26/08]
 [Filed ARC 8418B (Notice ARC 8149B, IAB 9/23/09), IAB 12/30/09, effective 2/3/10]
 [Filed ARC 9326B (Notice ARC 9060B, IAB 9/8/10), IAB 1/12/11, effective 2/16/11]