



# State Housing Trust Fund Allocation Plan for the Project-Based Housing Program

Dated June 2009

## SECTION 1. INTRODUCTION, PURPOSE, AND DEFINITIONS

- 1.1 State Housing Trust Fund.** In accordance with Iowa Code section 16.181, a housing trust fund (Fund or SHTF) is held within the Iowa Finance Authority (IFA). The moneys in the Fund are to be used for the development and preservation of affordable housing for low-income households (Eligible Recipients) in the state. The two programs operated under the Fund are the Local Housing Trust Fund (LHTF) Program and the Project-Based Housing Program.
- 1.2 Adoption of a Trust Fund Allocation Plans.** IFA has adopted this allocation plan (Plan) for the Project-Based Housing Program. The purpose of the Plan is to set forth the criteria that IFA will use in making awards of moneys held in the Fund. A separate allocation plan will be adopted for the LHTF Program.
- 1.3 Documents Incorporated by Reference.** Iowa Code section 16.181 is incorporated by reference in the Plan. The Plan will be deposited in the Iowa State Law Library. Statutory references are also available in the Iowa State Law Library.
- 1.4 State Housing Trust Fund Advisory Board.** The IFA Board of Directors (Board) will appoint members to a State Housing Trust Fund (SHTF) Advisory Board, such board to be made up of representatives from the housing industry. This board will meet as necessary to advise IFA on the Plan.
- 1.5 Amount Available.** Prior to the application deadline, the Authority will post on its web site at [www.iowaFinance.com](http://www.iowaFinance.com) the Available Moneys for such round.
- 1.5.1** At least sixty percent (60%) of Available Moneys in the Fund shall be allocated to the LHTF Program. An award from the LHTF Program shall not exceed ten percent (10%) of the balance of assets held in the LHTF Program at the beginning of the applicable fiscal year plus ten percent (10%) of any deposits made during the applicable fiscal year.
- 1.5.2** Available Moneys remaining in the Fund after the allocation to the LHTF Program specified under Section 1.5.1 shall be allocated to the Project-Based Housing Program.
- 1.5.3** Unencumbered and unobligated moneys remaining in the Fund at the close of each fiscal year shall remain available for expenditure for Fund purposes in the succeeding fiscal year.
- 1.5.4** Substantial prepayment of SHTF assets will be divided with at least 60 percent (60%) of the moneys allocated to the LHTF Program and any remaining Available Moneys allocated to the Project-Based Housing Program and may be made available for low-interest loans to eligible applicants.
- 1.6 Definitions.** The following terms shall have the meanings set forth herein unless context clearly requires a different meaning.

Accessibility: Means buildings used by the public, accessible to, and functional for, the physically handicapped to, through and within their doors, without loss of function, space, or facility where the general public is concerned. An Accessible Route means a continuous unobstructed path connecting all accessible elements and spaces in a building or facility that can be negotiated by a severely disabled person using a wheelchair and that is also safe for and usable by people with other disabilities. Interior Accessible Routes may include corridors, floors, ramps, elevators, lifts, and clear



floor space at fixtures. Exterior Accessible Routes may include parking, access aisles, curb ramps, walks, ramps and lifts.

**Adaptive Reuse:** The conversion of an existing structure or space within an existing structure from a non-housing use to a housing use, creating new affordable housing opportunities.

**Available Moneys:** The amount of money determined by IFA to be available for distribution from the Fund in the applicable funding round. IFA will annually calculate and announce the Available Moneys. Available Moneys will consist of the following: (1) interest earned on Fund assets during the prior fiscal year; (2) moneys appropriated to or deposited in the Fund, from any source, for use in a specific funding round; (3) moneys transferred by IFA to the Fund for a specific funding round; (4) awards returned during the prior fiscal year; and (5) other moneys held in the Fund, as determined by IFA.

**Board:** Iowa Finance Authority Board of Directors

**Eligible Recipients:** For rental projects, a household with income, adjusted by family size, of not more than 80 percent of the greater of the county or the statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development (HUD). For owner-occupied projects, a household with income, adjusted by family size, of not more than 80 percent of the greater of (1) the MRB income limits as periodically published by IFA or (2) the county or statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development.

**Extremely Low-Income Eligible Recipients:** For rental projects, a household with income, adjusted by family size, of not more than 30 percent of the greater of the county or the statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development (HUD). For owner-occupied projects, a household with income, adjusted by family size, of not more than 30 percent of the greater of (1) the MRB income limits as periodically published by IFA or (2) the county or statewide (as applicable) median income limit as published annually by the U.S. Department of Housing and Urban Development.

**Fund:** State Housing Trust Fund

**HUD:** U.S. Department of Housing and Urban Development

**IFA:** Iowa Finance Authority

**LHTE:** Local Housing Trust Fund

**MRB:** Mortgage Revenue Bond

**Qualified Nonprofit:** An applicant organization that is described in IRC Section 501(c)(3) or (4), that is exempt from federal income taxation under IRC Section 501(a), that is not controlled by a for-profit organization, and has demonstrated capacity to administer affordable housing activities.

**Ready to Proceed:** A reasonable ability, as demonstrated in the application timeline, to expend at least 10 percent (10%) of the project's approved development budget and to request reimbursement for such project-related expenditures from the Project-Based Housing Program within six months of signing the award contract.

**SHTF:** State Housing Trust Fund

## **SECTION 2. PROJECT-BASED HOUSING PROGRAM**

**2.1 Performance Goal.** The goal is to assist in funding the development and preservation of affordable housing for Eligible Recipients in the state, pursuant to the Eligible Uses specified in Section 2.5 of the Plan.

**2.2 Funding Cycle/Application Submittal.** Information regarding the funding cycle, program schedule, award maximums, and application submission process will be posted on the IFA web site at [www.iowaFinanceAuthority.gov](http://www.iowaFinanceAuthority.gov). Applications for the Project-Based Housing Program will be accepted on an open-window basis until all Available Moneys have been exhausted, beginning on the date that the rules become final.



**2.3 Ineligible Applicants.** LHTFs certified by IFA in accordance with Administrative Rules are not eligible to apply for the Project-Based Housing Program. An application received from or on behalf of a project located in a geographic area served by a LHTF certified by IFA in accordance with Administrative Rules is eligible only if the project is not eligible for funding through the LHTF and the LHTF provides written certification as to the project's ineligibility for LHTF funding and the LHTF's support of the project as part of the Project-Based Housing Program application.

**2.4 Eligible Applicants.**

- 2.4.1 Cities and counties.
- 2.4.2 Nonprofit housing organizations.
- 2.4.3 For-profit housing development organizations.
- 2.4.4 Recognized neighborhood associations.
- 2.4.5 Economic development organizations.
- 2.4.6 Homeless service providers.
- 2.4.7 Transitional housing providers.
- 2.4.8 Domestic violence shelters.
- 2.4.9 Councils of governments.

**2.5 Eligible Uses.**

- 2.5.1 New construction of affordable housing.
- 2.5.2 Acquisition of existing market-rate housing property to create new affordable housing opportunities.
- 2.5.3 Acquisition of real property, demolition of existing structures, and new construction of affordable housing.
- 2.5.4 Acquisition of housing property and rehabilitation for affordable housing.
- 2.5.5 Acquisition of housing property, rehabilitation, and resale for affordable housing.
- 2.5.6 Rehabilitation or home modification by a Qualified Nonprofit applicant to provide for increased Accessibility in existing single-family or multifamily housing units serving Extremely Low-Income Eligible Recipients.
- 2.5.7 Additional affordable housing units serving homeless households (including emergency shelter, domestic violence shelter, and transitional housing units), in which at least 75 percent (75%) of the moneys awarded from the Fund are used for hard construction costs and no more than 25 percent (25%) are used for supportive services or operating subsidy for units assisted by the Fund.
- 2.5.8 The Project-Based Housing Program may be used in combination with the Low-Income Housing Tax Credit Program only to assist units reserved for Extremely Low-Income Eligible Recipients.
- 2.5.9 Adaptive Reuse to create new affordable housing opportunities.
- 2.5.10 Lead hazard reduction in affordable housing to be completed by certified lead professionals and contractors certified in safe work practices only in projects subject to HUD's Lead-Safe Housing Rule (Title 24 of the Federal Code of Regulations Part 35) and compliance monitoring by a third-party agency.
- 2.5.11 Energy efficiency rehabilitation designed to improve the operating efficiency and long-term sustainability of housing units serving homeless persons, conditioned upon the applicant's



participation in the Multifamily and Institutional Efficiency Improvement Program for Low-Income Iowans, where available.

**2.5.12** Homeownership preservation through foreclosure-prevention, anti-predatory lending, or homebuyer education counseling or related activities, provided through an organization that is a part of the Iowa Mortgage Help initiative or has received certification through the National Industry Standards for Homeownership Education and Counseling.

## SECTION 3. GRANT APPLICATION AND AWARDS

### 3.1 Awards.

**3.1.1** Maximum Application Amount: \$50,000.

**3.1.2** No applicant may receive a total of more than \$50,000 in awards from the Project-Based Housing Program per calendar year.

**3.1.3** All award amounts for the Project-Based Housing Program must be approved by the Board. Notwithstanding the foregoing, the Board may increase or decrease the award amount to an applicant if the Board determines that doing so would be in the best interest of the development or preservation of affordable housing for Eligible Recipients in the state.

**3.1.4** In the event there is not enough Available Moneys to fund award amounts to multiple applications received on the same date under the open-window, the Board shall implement the following tie-breaker system:

- An award will first be made to an application for a project identified in an Iowa Great Places agreement, pursuant to Iowa Code 303.3C.
- If multiple or no applications are identified in an Iowa Great Places agreement, an award will be made to the application developing the greatest number of new housing units for Eligible Recipients, with subsequent awards made on that same basis until all Available Moneys have been exhausted.
- In the event two or more applications will develop the same number of new housing units for Eligible Recipients, awards will be made in order of the highest percentage of Local Match contribution.
- If the amount of Available Moneys is not sufficient to fund the entire amount requested by the applicant next in line for award, the Board will offer a partial award, which the applicant may accept or reject. If an applicant rejects the partial award offered by the Board, the funds will remain as Available Moneys for the next approved application.

**3.2 Local Match.** The total amount requested from the Fund may not exceed 75 percent (75%) of the total project budget, excluding administrative and developer fee line items, for affordable housing activities benefiting Eligible Recipients. The total amount requested from the Fund may not exceed 90 percent (90%) of the total project budget, excluding administrative and developer fee line items, for affordable housing activities benefiting Extremely Low-Income Eligible Recipients.

### 3.3 Threshold Requirements.

**3.3.1** Applicants must complete the application in its entirety, including all exhibits.

**3.3.2** An applicant must be able to complete the project within the two-year grant agreement period.

**3.3.3** Moneys from the Fund must be used to benefit Eligible Recipients.

**3.3.4** In addition to the above, applicants must provide the following in a narrative document and demonstrate to IFA that threshold has been established for each category:



- Need for housing in the community (Threshold: Has a need for the proposed project been established?)
- Impact of project (Threshold: Will the project positively impact the community and its housing needs?)
- Financial and overall feasibility of project (Threshold: Is the project financially and operationally feasible?)
- Leveraging and partners in project (Threshold: Does the application meet Local Match requirements and is there demonstration of local support?)
- Administrative capacity of project sponsor (Threshold: Does the project sponsor demonstrate administrative capacity?)
- Timeline (Threshold: Is the project Ready to Proceed and can the project be reasonably expected to be complete within the two-year grant agreement period?)

**3.3.5** Award conditions and amounts are subject to IFA negotiations with the applicant.

**3.3.6** IFA reserves the right to deny funding to an applicant that has failed to comply with program requirements in the administration of any previous project funded by IFA through any of its programs.

**3.4 Retention Period.** The retention period is five years from the date of closing (for projects under Section 2.5.5, the date of closing with the end purchaser) or the date of project completion, as applicable. All assisted units must be subject to a recorded retention and recapture agreement. In the event of a sale or transfer of an assisted unit prior to the end of the five-year retention period, the Project-Based Housing Program subsidy provided to that unit will be forgiven on a prorated basis monthly over the five-year period with all remaining funds to be recaptured and repaid to IFA, unless otherwise approved by IFA through a written reuse plan. Retention requirements under this Section shall not apply to projects awarded moneys from the Fund under the Eligible Uses specified in Section 2.5.12.

## SECTION 4. LOAN APPLICATION AND AWARDS

**4.1 Loan Program Guidelines.** Subject to available funding under section 1.5.5, IFA may make low-interest loans to LHTFs on an open window basis for the purposes of development and preservation of affordable housing for Eligible Recipients. Such loans are subject to approval by IFA based upon reasonable underwriting criteria. Loan application forms shall be posted on IFA's web site as such funds are made available.

## SECTION 5. GENERAL REQUIREMENTS

**5.1 Notification of Award.** IFA will notify the applicant in writing (1) of its approval as to eligibility and amount or (2) as to the reasons for denial.

**5.2 Compliance.** Each entity receiving monies from the Fund shall be required to submit semi-annual compliance reports. The reporting periods are January 1 through June 30 and July 1 through December 31. The reports must be submitted to the IFA office no later than 15 calendar days after the end of the reporting period. The reporting format will be posted on the IFA web site. Previous Fund grantees must be in compliance with all reporting requirements at the time of the current application to be eligible for a new Fund award.

**5.3 Grant Period and Timely Use of Awarded Funds.**

**5.3.1** The grantee will have two years in which to expend all moneys received from the Fund and complete all work activities identified in the project budget in accordance with the grant agreement. Extensions may be requested by the recipient, subject to review by IFA. IFA will consider the capacity of the grantee to complete the project during the extension period in its review of the extension request.





**5.3.2** Grantees must be in compliance with section 5.3.1 above to be eligible for subsequent awards from the Fund.

**5.4 Appeals.** An applicant whose application has been timely filed and whose application did not receive an award may appeal the decision by filing a written notice of appeal within seven days of the award with the Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50309.

**5.5 Hearing.** Upon receipt of notice of an applicant appeal, IFA may contact the Department of Inspections and Appeals to arrange for a hearing. A written notice of the date, time, and location of the appeal hearing will be sent to the parties to the appeal. IFA shall select a presiding officer and hold a hearing on the appeal, in conformance with its rules on appeals.

**5.6 Judicial Review.** Judicial review of IFA's final decisions may be sought in accordance with Iowa Code Section 17A.19.

**5.7 State Building Code.** In areas where the governmental subdivision has not adopted a building code, electrical code, mechanical code, and plumbing code and does not perform inspections pursuant to such codes, the Project-Based Housing Program award recipient shall comply with Iowa Code section 103A.10A, as applicable, to ensure all newly constructed buildings and structures the construction of which is paid for in whole or in part with Project-Based Housing Program moneys are subject to the plan review and inspection requirements of the Iowa Department of Public Safety State Building Code Bureau.