



**Iowa Finance Authority Allocation Plan
for the Affordable Housing Assistance Grant Fund**

Dated November 2009

SECTION 1. INTRODUCTION, PURPOSE, AND DEFINITIONS

1.1 Affordable Housing Grant Fund. In accordance with Iowa Code section 16.187 an affordable housing assistance grant fund (Fund) is held within the Iowa Finance Authority (IFA). The moneys in the Fund are to be used for grants for housing for certain elderly, disabled, and low-income persons and public servants in professions meeting critical skill shortages in the state, to assist communities in providing safe and affordable housing for the general welfare and security of the citizens of the state.

1.2 Adoption of a Allocation Plan. IFA has adopted this allocation plan (Plan) for the Affordable Housing Assistance Grant Fund. The purpose of the Plan is to set forth the criteria that IFA will use in making awards of moneys held in the Fund.

1.3 Documents Incorporated by Reference. Iowa Code section 16.187 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 Amount Available. Prior to the application deadline, the Authority will post on its web site at www.IowaFinanceAuthority.gov the Available Moneys for such round. 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 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: means the amount of money determined by IFA to be available for distribution from the Fund in the applicable funding round, initially estimated at \$20 million. IFA will calculate and announce the Available Moneys. Available Moneys will consist of the following: (1) moneys appropriated to or deposited in the Fund, from any source, for use in a specific funding round; (2) interest earned on Fund assets; and (3) awards returned to the Fund.

Board: means the Iowa Finance Authority Board of Directors.

Disability: means at least one of the following criteria: 1) Has a physical, mental or emotional impairment which is expected to be of long-continued and indefinite duration, substantially impedes the person's ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions; or 2) Has a development disability, defined as a severe chronic disability which is attributable to a mental or physical impairment or combination of mental and physical impairments, is manifested before the person attains age 22, is likely to continue indefinitely, results in substantial functional limitation in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and which reflects the person's need for a combination and sequence of special interdisciplinary, or generic care, treatment, or other services which are of lifelong, or extended duration and are individually planned and coordinated.

Elderly: means Older Persons 55 or older. An Older Persons Project is exempt from the prohibition against familial status discrimination under the Fair Housing Act if:

- The HUD Secretary has determined that it is specifically designed for and occupied by elderly persons under a Federal, State or local government program or;
- It is occupied solely by persons who are 62 or older or;
- It houses at least one person who is 55 or older in at least 80 percent of the occupied units and adheres to a policy that demonstrates an intent to house persons who are 55 or older.

Eligible Recipients: means 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.

Financial Feasibility: means the ability of a project, once completed, to be maintained and operated for its useful life with funds either generated by the project itself or from an identifiable source of funds available for such purpose.

Fund: means the Affordable Housing Assistance Grant Fund established in Iowa Code section 16.187.

Grantee: means an entity under contract with the IFA to receive Affordable Housing Assistance Grant Funds and undertake the funded project.

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

IFA: means the Iowa Finance Authority.

Local Support: means endorsement by local individuals and organizations that have a substantial interest in a project.

MRB: means Mortgage Revenue Bond.

Public Organization: means a nonprofit organization that sponsors or supports the public needs of one or more local Iowa communities; provided that (i) such organization is described in paragraph (3) or (4) of section 501(c) of the Internal Revenue Code and is exempt from federal tax under 501(a) of the Internal Revenue Code, and (ii) such organization is determined by the Board not to be affiliated with or controlled by a for-profit organization.

Ready to Proceed: means a reasonable ability, as demonstrated in the application timeline, to accomplish the following within three months of signing the award grant agreement: secure firm commitments for all sources of financing identified in the proposed project budget, acquire all real property interests necessary for construction of the project, obtain all necessary governmental approvals, and expend at least 10 percent (10%) of the project's approved development budget and request reimbursement for such project-related expenditures from the Fund. A proposed project must be Ready to Proceed in order for the application to meet threshold for funding.

SECTION 2. Affordable Housing Assistance Grant Fund

2.1 Performance Goal. The goal is to assist in funding housing for certain elderly, disabled, and low-income persons and public servants in professions meeting critical skill shortages in the state, to assist communities in providing safe and affordable housing for the general welfare and security of the citizens of the state, pursuant to the Eligible Uses specified in Section 2.4 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. Applications for the Affordable Housing Assistance Program will be accepted on an open-window basis until all Available Moneys have been exhausted.

2.3 Eligible Applicants.

2.3.1 Cities.

2.3.2 Counties.

2.3.3 Public organizations.

2.4 Eligible Uses.

2.4.1 New construction of affordable housing for Eligible Recipients, including persons with a Disability or the Elderly who meet the income requirements of the Fund.

2.4.2 Acquisition of housing property and rehabilitation to provide affordable housing for Eligible Recipients, including persons with a Disability or the Elderly who meet the income requirements of the Fund.

2.4.3 Rehabilitation or home modification to provide for increased Accessibility in existing single-family or multifamily housing units serving Eligible Recipients, including persons with a Disability or the Elderly who meet the income requirements of the Fund.

2.4.4 Rehabilitation of existing affordable rental housing units for Eligible Recipients, including persons with a Disability or the Elderly who meet the income requirements of the Fund.

2.4.5 Homebuyer assistance for down payment, closing cost, and/or minor repair expenses for Eligible Recipients meeting the income requirements of the Fund who are employed full-time in one of the following public servants professions meeting critical skill shortages in the state: nurses, teachers (kindergarten through 12th grade), police officers, and firefighters. Such homebuyer assistance will be allowed only for the purchase of a primary residence by means of a fully amortized mortgage loan from a regulated lender featuring a rate of interest that is fixed for at least five years and that has a term not to exceed 30 years.

2.4.6 The Fund may be used in combination with the Low-Income Housing Tax Credit Program only to assist affordable housing units reserved for Eligible Recipients with extremely low incomes at or below 30 percent of the area median income based upon the applicable Low-Income Housing Tax Credit Program income limits for the proposed project.

2.4.7 Adaptive Reuse to create new affordable housing opportunities for Eligible Recipients.

SECTION 3. GRANT APPLICATION AND AWARDS

3.1 Awards.

3.1.1 Minimum Application Amount: \$50,000

3.1.2 Maximum Application Amount: 50 percent of the total project cost as identified in the approved project budget, subject to the following per unit limits. An application for homebuyer assistance under section 2.4.5 may request no more than \$5,000 from the Fund per eligible homebuyer. No application may request more than \$50,000 from the Fund per eligible affordable housing unit to be assisted through the Fund award.

3.1.3 All Fund award amounts 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 providing 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 first will be made to the application maximizing the geographic diversity of awards from the Fund across the state, with subsequent awards made on that same basis until all Available Moneys have been exhausted.
- In the event two or more applications propose projects located in the same county, an award first will be made to the application with the highest percentage of total proposed project units serving Eligible Residents with the lowest income levels, with subsequent awards made on that same basis until all Available Moneys have been exhausted.
- In the event two or more applications propose the same percentage of units targeted to the same income levels, an award first will be made to the applicant that has received the lowest total amount of previous awards from the Fund, with subsequent awards made on that same basis until all Available Moneys have been exhausted.
- In the event two or more applicants have received the same total amount of previous awards from the Fund, an award first will be made to the application proposing to impact the greatest number of affordable 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 impact the same number of affordable housing units for Eligible Recipients, an award first will be made to an application for a project identified in an Iowa Great Places agreement, pursuant to Iowa Code 303.3C.
- 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 Threshold Requirements.

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

3.2.2 An applicant must be able to complete the project within the grant agreement period.

3.2.3 Moneys from the Fund must be used to benefit Eligible Recipients. To ensure Fund awards benefit Eligible Recipients, IFA may require that funded projects include long-term affordability measures, including but not limited to, requiring that a project awarded grant moneys must include one or more other funding sources, as identified in the approved project budget, incorporating long-term use restrictions and affordability requirements requiring compliance monitoring by a third-party entity, such as on-site compliance visits with tenant file reviews and physical inspections of the property. Such other funding sources may include, but are not limited to, affordable housing programs administered by HUD, USDA Rural Development, IFA, the Iowa Department of Economic Development, or an Entitlement City, if long-term use restrictions are recorded upon the property to be assisted under the Fund and the project is monitored to ensure on-going compliance.

3.2.4 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 Feasibility and overall feasibility of project (Threshold: Is the project financially and operationally feasible as well as cost effective?)
- Leveraging and partners in project (Threshold: Does the application leverage other available funding resources and is there demonstration of Local Support?)
- Administrative capacity of project sponsor (Threshold: Does the applicant and any applicable project partners demonstrate administrative capacity?)
- Timeline (Threshold: Is the project Ready to Proceed and can the project be reasonably expected to be complete within the grant agreement period?)

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

3.2.6 IFA will review awards made to ensure geographic diversity. In order to promote geographic diversity, the IFA may defer grant decisions on applications

from areas which have received previous awards from the Fund to allow applications from other parts of the state to be considered.

3.2.7 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 the IFA through any of its programs.

3.3 Retention Period. The retention period is five years from the date of closing 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 entire amount of the Fund subsidy provided to that unit must be recaptured and repaid to the IFA. The IFA will review subordination requests on a case-by-case basis but generally will not agree to subordinate its retention and recapture agreement in the event of a cash-out refinance.

SECTION 4. GENERAL REQUIREMENTS

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

4.2 Grant Agreement. A grant agreement shall be executed between successful applicants and the IFA. Grantees must execute and return the grant agreement to the IFA within 45 days of transmittal of the final grant agreement from the IFA. Failure to do so may be cause for the IFA to terminate the award. Awards may be conditioned upon the timely completion of certain requirements as specified in the grant agreement.

4.3 Compliance. Each entity receiving moneys from the Fund shall be required to submit quarterly compliance reports. The reporting periods are January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. The reports must be submitted to the IFA office no later than 10 calendar days after the end of the reporting period. The reporting format will be posted on the IFA web site and shall include, but not be limited to, the following: project status, progress of work completed, estimated project budget including funding sources, amount of funds expended, actual number of jobs created as a result of the project and information related to the quality of such jobs as determined by the IFA, and estimated or actual project completion date. 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. IFA reserves the right to audit a Grantee for compliance monitoring purposes at any time during the retention period.

4.4 Grant Period and Timely Use of Awarded Funds.

4.4.1 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 the IFA. The IFA will consider the capacity of the Grantee to complete the project during the extension period in its review of the extension request.

4.4.2 Any substantive change to the grant agreement will be considered an amendment. Substantive changes include time extensions, budget revision, and significant alteration of the funded project changing its scope, location, objectives, or scale. Amendments must be requested in writing by the Grantee and are not considered effective until approved and confirmed in writing by IFA staff.

4.4.3 Grantees must be in compliance with section 4.4.1 and 4.4.2 above to be eligible for subsequent awards from the Fund.

4.5 Disbursement. The Grantee must submit the written payment request form as set forth in the executed grant agreement to request disbursement of awarded funds in an amount supported by documentation of eligible project costs already incurred. The Grantee shall submit to IFA such supporting evidence as may be reasonably requested by IFA to substantiate all payments to be made out of any requisition and/or to substantiate all payments then made with respect to the project.

4.6 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.

4.7 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.

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

4.9 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 Fund 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 Fund moneys are subject to the plan review and inspection requirements of the Iowa Department of Public Safety State Building Code Bureau.