Housing Program Overview

- Upper Story Conversion Program
- Homebuyer Assistance Program
- Rehabilitation Program
  - Architectural Barrier Removal
  - Energy Efficiency Improvements
  - Exterior Housing Improvements

**NEW**: Effective with 2020 CDBG Housing Applications and Awards, a Council of Governments (COG) or Consultant MAY NOT have more than 10 OPEN Housing Contracts with IEDA at one time.
Upper Story Conversion
Program Requirements

» Program Requirements:
  • The activity for this program is limited to existing buildings to either rehabilitate *un-occupied* units or convert existing space into new units. All space must be *vacant* and un-occupiable at the time of application.
    ◦ Un-occupiable means an existing space that is not currently able to be occupied or would not be occupiable with minimal minor improvements (painting, flooring, cosmetic updates.)
    ◦ The building must be un-occupied for at least 5 years and will require major improvements and possible code-updates to allow someone to reside there.

Upper Story Conversion
Program Requirements Continued...

» The Developer must be a for-profit entity and own the building.
» Ownership of the property or purchase agreement for the property needs to be provided with the application. For any property being purchased; no acquisition, purchase or real estate closing, may occur prior to IEDA issuing the Release of Funds.
» No less than 51% of all units must be rented to LMI persons or households.
» The number of affordable rental units are to be retained at all times as affordable units throughout the period of affordability through income limits and rent limitations.
» A development team must be determined prior to application submission.

Upper Story Conversion
Program Requirements Continued...

» There must be a development agreement between the Recipient Responsible Entity (City/County) and the Developer (Building Owner/Manager). The Recipient retains all responsibilities and the Developer owns the property.
» If the building is of “mixed use”, the residential project must stand on its own and commercial improvements will not be considered in this application.
» All local building codes apply.
» A rent calculation sheet must be complete and submitted as a part of the application.
There is a maximum per project cap of $500,000.00 of CDBG funds which includes both project and administration funds.

All additional costs of the project above the stated CDBG fund limitation shall come from other financial resources. These funds must be committed and secured prior to the commitment of CDBG funds for this project.

Applications must:
- The maximum number of rental units to be created is 7.
- CDBG funds must be proportionate to the number of LMI units in the project
- Tenant income must be completed in accordance to 24 CFR5.609 (Part 5 Annual Income)

The form of assistance will be a 5-year forgivable loan (non-receding) to ensure the project is not sold, transferred or converted to another use within that time frame.

Developer must be a for-profit entity

Each property receiving CDBG funds will be required to have a forgivable loan/mortgage and agreement for covenants and restrictions in the form of a recorded lien, prior to the first construction payment.

Projects constructed under this activity could result in mixed-income projects, where only a percentage of the total units required meet the activity income and rent requirements.

Maximum rent limits on the CDBG Fund assisted (affordable) rental units (by bedroom) size shall not exceed the most current HOME Program 65% rent limits.
**Environmental Compliance Introduction**

- Very different from owner-occupied rehabilitation projects
- Compliance is different for the following laws and Authorities:
  - Asbestos
  - Explosive and Flammable Materials
  - Noise
- Any one of these could delay or stop the project

**Environmental Compliance Asbestos**

- Projects are not exempt
- Notification Requirements:
  - Online notification of DNR
  - Forms to mail and send to DNR
- Fees will not apply if:
  - the total amount of asbestos to be removed or disturbed is less than:
    - 260 linear feet
    - less than 160 square feet, and
    - less than 35 cubic feet of facility components and is below the reporting thresholds as defined in 40 CFR 61.145 as amended on January 16, 1991
Environmental Compliance

Asbestos

» You will more than likely need to hire contractors:
  – Asbestos Inspector
  – Abatement Contractor (if applicable)
  – Demolition Contractor (if applicable)

» Contractor Permits:
  – Any business or individual compensated to remove asbestos containing materials is required by the Iowa Division of Labor to obtain a certified asbestos contractor permit. Please call 515-281-6175 or visit the Iowa Division of Labor website for details.

DNR Contacts:

– Tom Waehr - Unit Leader: Compliance, Asbestos Abatement, and Demolition Projects
  Phone: 515-725-9576
  Email: Tom.Waehr@dnr.iowa.gov

– Nathan Stueve - Compliance, Asbestos Abatement, and Demolition Projects
  Phone: 515-725-9581
  Email: Nathan.Stueve@dnr.iowa.gov

– Norma J Gentry - Asbestos Program
  Phone: 515-725-9513
  Email: norma.gentry@dnr.iowa.gov

Explosive and Flammable Materials

» Applicability:
  – Above ground storage tanks
  – Over 100 gallons
  – Contains fire-prone gases and liquids

» The analysis for Explosive and Flammable Materials will be required to be turned in with the application

» Applicable tanks must be within an Acceptable Separation Distance from the project or the risk must be mitigated

» If not, CDBG cannot fund the project
Environmental Compliance
Explosive and Flammable Materials

» Step 1: Look for ACTIVE Above Ground Storage tanks within 1 mile of the project site. Visual Survey

» Step 2: Verify the sites and the tank sizes on the DNR Tanks Website

» Step 3: If within 1 mile use the HUD Acceptable Separation Distance Calculator

» Step 4: If within the acceptable separation distance = 

» Step 5: If NOT within the acceptable separation distance = mitigate or don't do the project

Environmental Compliance
Noise

» Noise levels for projects should be at the Acceptable level of 65 dB. If above 65 dB, the prior use of the space will determine if the project can proceed.

» The Noise analysis will be required to be turned in with the application

» Acceptable noise levels must exist or be able to be attained

» If not, CDBG cannot fund the project

» Noise level 65 dB or lower = 

» Noise level above 65 dB = must look at prior use to determine if noise attenuation is feasible:
  - Vacant now, but prior use was residential (regardless of how long it has been vacant)
  - Vacant now, but prior use was non-residential
Environmental Compliance
Noise
Vacant now, but prior use was residential (regardless of how long it has been vacant):
- Above 65 dB, but below 75 dB noise level:
  - Normally Unacceptable range: attenuation will be required so that the internal noise level attains a 45 dB
- Above 75 dB noise level:
  - Unacceptable: The Responsible Entity will need to document on letterhead and have signed by the certifying officer:
    - that attenuation can be reached to 45 dB,
    - project supports community planning objectives,
    - no outside uses are planned,
    - and it fulfills a demand for housing

Vacant now, but prior use was non-residential:
- Above 65 dB, but below 75 dB noise level:
  - Normally Unacceptable range: The Responsible Entity will need to document on letterhead and have signed by the certifying officer:
    - that attenuation can be reached to 45 dB,
    - project supports community planning objectives,
    - no outside uses are planned,
    - and it fulfills a demand for housing
- Above 75 dB noise level:
  - Unacceptable: The project cannot proceed

Upper Story Conversion
Additional Requirements
- No properties funded under this activity shall be located in a 100-year flood plain.
- All projects must utilize a licensed architect and/or engineer for design development and compliance, unless previously approved by IEDA.
- All projects must use IEDA provided tenant applications and lease documents.
- All owners must understand the importance of utility allowances and the calculation of utilities off of the maximum rent limit.
- All multi-family units shall be designed and constructed in accordance with all locally adopted and enforced building codes and standards. In the absence of any locally adopted and enforced building codes or standards, the requirements of the current Iowa State Building Code shall apply.
- No basement or first floor storefront units are allowed under this program. If first floor accessible unit are included in the project, they must not occupy an otherwise commercial space, and must have a separate entrance from the commercial space.
Upper Story Conversion
Additional Requirements Continued

- It is the IEDA’s goal to utilize the CDBG Funds in a manner that results in green built, sustainable multi-family structures. All units shall meet the requirements of the Iowa Green Streets Criteria. All proposals must submit a completed Green Development Plan and Checklist. The Iowa Green Streets Criteria and supporting resources are available under the “Resources” section online at www.iowaeconomicdevelopment.com/CommunityDevelopment/green.

- All properties proposed for rental housing need to be identified and site control (not necessarily ownership) obtained, prior to application submission, and be identified (property address and legal description) within the application. Purchase Agreements may be used to document site control if the owner doesn’t currently own the building, however no purchase can take place from the date of application until after IEDA has issued Release of Funds for awarded project.

Upper Story Conversion
Additional Requirements Continued

- These CDBG funds are subject to the requirements of the Federal Lead Safe Housing regulations, impacting all dwelling units that were constructed prior to January 1, 1978. As such, this program is designed to limit projects to those that either work under Lead Safe Interim Controls as qualified for under the exemption for National Register listed or eligible properties, under 24 CFR 35.115 OR the contractor implements full lead abatement in accordance with the Federal Lead Safe Housing regulations.

- All awarded projects are subject to the standard State and Federal Regulations associated with the expenditure of Federal Community Development Block Grant (CDBG) funds, including but not limited to Environmental Review, Lead Safe Housing, Civil Rights and Fair Housing, etc. Grant administrators for these projects should be familiar with these regulations and should ensure that all developments comply with the terms of the CDBG contracts.

Upper Story Conversion
Required Application Attachments

The Application will need to include:

- Public Hearing Documentation
  - Notice, Signed Minutes and Proof of Publication or Affidavit of Posting
- HUD Disclosure Form 2880 (Applicant/Recipient/Disclosure/Update Form)
- Federal Assurance Signature Page
- Procurement completed for Administrative Services
- Completed Environmental Review ready for Publication
Upper Story Conversion
Required Attachments Continued...

» Community Needs Assessment was completed and approved by at the Public Hearing for this Program

» Financial commitments including terms for construction and permanent financing for all sources of funds other than CDBG

» Proforms – including minimum 10-year operating projects

» Documents of concurrence and acceptance by the local government of the project location. Documentation of published notice and hearing meeting minutes.

Upper Story Conversion
Required Attachments Continued...

» Site Control (Not necessarily ownership) for each property. Include property address and legal descriptions. (Purchase Agreement)

» List of known development team members showing roles and responsibilities and contact information.

» Iowa Green Streets Development Plan and Checklist

» Iowa Green Streets Criteria Certification of Intent to Comply

» Documentation of Proper Zoning

» Drawing of Unit Layout by Floor (not full-scale blueprints) which indicates ADA Accessible Units (is applicable)

Upper Story Conversion
Application Evaluation

» Applications will be evaluated on, but not limited to, the following:
  • Project Readiness
  • Status of Financial Commitments
  • Capacity to Complete and Maintain the Project
  • Community Support
  • Is There A Need

An Upper Story application MAY NOT be submitted with any other Housing Application.
Upper Story Conversion
Program Reminders

» Applications will be available at www.iowagov.gov

» Applications will be competitive and must be submitted by 11:59 PM on July 31, 2020. The system will not accept applications after this date/time.

» If an application is incomplete it will NOT be reviewed. Complete means all required information is provide in the application AND all required attachments are uploaded with the application.

» Contract Terms - Three (3) years to complete AND Lease Units.

» Period of Affordability will be five (5) years from receipt of Certificate of Occupancy (CoO). (If the community does not issue a CoO, date of first tenant lease up. (Annual Reporting Will Be Required.)

Homebuyer Assistance
Program

Homebuyer Assistance Program Overview

» The Homebuyer Assistance activity is to facilitate and expand homeownership among low-and-moderate income (LMI) homebuyers.

» The maximum number of Homebuyers to receive assistance under any one CDBG contract is five (5).

» Eligible activities covered by the program are:
  • Maximum amount of homebuyer assistance is limited to $24,999
  • Up to 50% of the down payment required by the homebuyer's lender
  • Required closing costs up to $3,500
  • Property Inspection fees up to $300
Homebuyer Assistance Program Overview

» Technical services, including radon testing plus lead hazard reduction carrying costs, CANNOT exceed $5,500 in total federal funds. Total federal fund costs cannot exceed $38,500.

» Homes to be purchased must be inspected to ensure the property meets state/local building codes.

» The homebuyer’s conventional loan must be fixed rate, with a term between 15-30 years with no balloon payments.

» Homes to be purchased may be new, however, they must be constructed and complete at the time the property is purchased.
  
  • IEDA will consider a unit complete if a certificate of occupancy has been issued for the unit.

» There is a maximum per project cap of $192,500 (5 Unit $38,500) of CDBG funds, NOT including administration funds.

» The form of financial assistance (CDBG funds) to the homeowner will be a 5-year receding, forgivable loan.

» The property must remain the applicant’s principal residence for five years following the project acceptance date. If not and one of the following situations occurs, then all CDBG funds are required to be repaid.
  
  ● Refinanced within first five (5) years
  ● Sold or transferred or converted to alternate use

» Income verifications must be completed and in accordance to 24 CFR 5.609 (Part 5 Annual Income) method to determine income.

» The property being purchased must be the applicant’s principal place of residence.

» Residential properties containing businesses may only be included in the program when it is clearly shown that CDBG funds will not benefit the business on the property.

» CDBG funds CANNOT be used to assist with the purchase of properties located within a 100-year floodplain and must be documented on a flood plain map.
CDBG funds may not be used to assist land contract purchases.

CDBG assistance may be provided to homebuyers purchasing manufactured homes ONLY if all the following criteria are met.

- The manufactured home was constructed after 1976.
- The manufactured home is permanently affixed to a site-built permanent foundation and has had its towing hitch and running gear removed.
- The homeowner will own the land on which the manufactured home is installed.
- The manufactured home is taxed as real estate (real property) by the community.

Environmental Review: This program is Categorically Excluded not subject to 24 CFR 58.35(b)(5).

The Application will need to include:

- Public Hearing Documentation
  - Notice, Signed Minutes and Proof of Publication or Affidavit of Posting
- HUD Disclosure Form 2880 (Applicant/Recipient/Disclosure/Update Form)
- Federal Assurance Signature Page
- Procurement Completed for Administrative Services
- Procurement Completed for Technical Services
Homebuyer Assistance

Required Attachments Continued...

» Administrative Plan with documentation of City Council approval.

» Documentation that a Community Development Housing Needs Assessments was completed at a public hearing for this project.

Homebuyer Assistance

Additional Requirements

• These CDBG funds are subject to the requirements of the Federal Lead Safe Housing regulations, impacting all dwelling units that were constructed prior to January 1, 1978. As such, this program is designed to limit projects to those that either work under Lead Safe Interim Controls as qualified for under the exemption for National Register listed or eligible properties, under 24 CFR 35.115 OR the contractor implements full lead abatement in accordance with the Federal Lead Safe Housing regulations.

• All awarded projects are subject to the standard State and Federal Regulations associated with the expenditure of Federal Community Development Block Grant (CDBG) funds, including but not limited to Environmental Review, Lead Safe Housing, Civil Rights and Fair Housing, etc. Grant administrators for these projects should be familiar with these regulations and should ensure that all developments comply with the terms of the CDBG contracts.

Homebuyer Assistance

Program Reminders

» Applications will be available at www.iowagrants.gov

» Applications will be accepted and reviewed on an on-going basis, as funds are available.

» If an application is incomplete it will NOT be reviewed. Complete means all required information is provide in the application AND all required attachments are uploaded with the application.

» Contracts between the City and IEDA will be a two (2) years term.

» If awarded CDBG funding, cities/counties will be required to submit a final budget to IEDA at the end of 18 months of the grant award to determine if there are any funds that may need to be deobligated.
» Communities may submit a Homebuyer Assistance application independently or in conjunction with a Housing Rehabilitation application.