

# Rental Housing New Construction

## Program Purpose

To assist in the long-term recovery to the 2019 floods by providing for long-term, quality, rental housing that is resilient to future natural disasters and affordable to low to moderate income households.

## Version History

Version	Date	Summary Description
1.0	December 2020	Round 1 Launch
2.0	July 2021	Round 2 Launch
2.1	November 2022	Update for Fair Housing for New Applicants
2.2	June 2022	Update to Disaster Tieback, Removal of redundant already in the Combined Policies & Procedures Manual

## Administration

This program is administered by the Iowa Economic Development Authority (IEDA). IEDA is a state agency which administers Community Development Block Grant-Disaster Recovery (CDBG-DR) awards issued to the State of Iowa by the U.S. Department of Housing & Urban Development (HUD). Administrative activities are led by the IEDA Disaster Recovery Team Lead and members of both the Disaster Recovery and Federal Programs teams.

## Available Funds

Program	Budget	MID Area (Harrison, Mills, & Fremont counties)
For Rent Housing	\$9,770,135	\$9,770,135

## Eligible Applicants

Units of general local government (UGLGs) are the eligible applicants for these funds. This includes all city, tribal, and county governments within Mills, Fremont, and Harrison counties. All program funds will be allocated to the HUD MID area (Mills, Fremont, and Harrison counties). UGLGs will identify a developer on their applications to IowaGrants and enter into a development agreement once Release of Funds has been issued by IEDA.

## Application Rounds

**Round 1:** IEDA will open an initial competitive round for \$5,000,000 in rental housing construction. This round will allow the State to establish a competitive review process, gauge the capacity of the region for new rental housing, and support local housing markets. Additional funds may be awarded through this round if the demand of quality applications exceeds this amount.





Otherwise, future rounds will be established, at no less than one round per year, until the funds in this program are expended.

**Round 2:** IEDA will open a second competitive round of new production housing. IEDA’s 2019 CDBG-DR Action Plan allowed \$11,120,069 for the production of new single-family housing. In Round 1, IEDA awarded: \$9,610,135, leaving \$1,509,936 remaining for this competitive round. Depending on the quantity and quality of the applications, IEDA, in coordination with HUD, can shift program funding to accommodate requests beyond the available funding. Additionally, \$10,000,000 is available for public infrastructure needs in support of these new housing units. If requests do not expend all available funding, future rounds will be established at no less than one round per year until the funds in this program are fully expended.

### **Application Workshops**

Round 1 Application Workshop Date: December 9, 2020

Round 1 Green Streets Workshop Date: December 10, 2020

Round 2 Application Workshop Date: July 13, 2021

### **National Objective and Eligible Activities**

This program is designed to meet the Low to Moderate Income Housing (LMH) national objective. Eligible activities include: New construction, acquisition, clearance; HCDA Section 105(a)1, 4, 5, 8, 11, 14, 15, and 24; applicable waivers identified in the 2019 CDBG-DR Federal Register notices.

### **Disaster Tieback**

This program addresses the unmet needs tied to providing new resilient, affordable housing to improve the housing stock in the disaster-impacted MID areas. The State intends to market to renters affected by the floods to help address the disaster’s impact on the rental community but will not restrict the program to floods-impacted persons as the affordable housing stock overall was severely impacted by the disaster. The State currently anticipates the creation of 111 new rental housing units over the life of this program.

### **Housing Requirements**

This program’s intent is to help the affordable housing market recover from the floods in the MID areas and provide for more resiliency in the affordable housing market to future natural disasters. With that, there are numerous requirements that come with federal assistance related to affordability, home construction, and project management.

IEDA will seek to award program funds to a diverse range of neighborhoods and communities in order to not concentrate LMI housing in a singular area. IEDA will also seek to award a variety of housing types to provide disaster-affected households a range of options, including options for those experiencing disabilities.

IEDA will make awards to cities/counties/tribes for the construction of new housing. Subrecipients will enter into a development agreement with a developer who maintains site control of the project site. A **developer** is a for-profit or nonprofit individual or entity that the grantee provides CDBG-DR funding to for the purpose of constructing new housing on vacant or demolished properties.





Local government agencies and local housing authorities are not developers and would only be allowed to construct a property if they were a tribal government. Tribal governments will need to procure if awarded and not working with a private or nonprofit developer.

At least 51% of constructed rental units must be occupied by **Low to Moderate Income (LMI)** households. These are households that make at or below 80% of the area median income of the county in which the housing unit is built. Income verifications must be completed in accordance with 24 CFR 5.609 (Part 5 Annual Income). Income verifications are valid for 12 months from the date verification is completed.

During the affordability period, initial and subsequent tenants of units constructed under this program will be required to provide **proof of primary occupancy** to IEDA upon request.

**Second homes** are not allowed. Second home is defined as a home that is not the primary residence of the owner, tenant, or any occupant at the time of the disaster or at the time of application for CDBG-DR assistance. This program will not fund second homes and all homes built must be the primary residence of an LMI household.

The **affordability period** will be 5 years for single-family housing units (1-4 rental units on a site) in a project awarded 4 or fewer units, and 20 years for multi-family housing units (5+ rental units on a site) or in a project awarded 5 or more rental units. The affordability period restrictions will be recorded as a covenant running with the land. Housing construction offset amounts per unit will be recorded as a forgivable mortgage on a non-receding basis and subject to recapture if the terms of the affordability period are violated.

The **maximum rental price** of the housing units cannot exceed the 65% HOME rent limits for the county in which the rental unit is located, minus the utility allowance as calculated annually by the local housing authority. This figure affords the widest available opportunities for LMI households to rent the housing units while, coupled with program housing construction offsets, still allow for the construction of high-quality housing exceeding the sale price in value.

Projects of 8 or more housing units are subject to **Davis Bacon** prevailing wage requirements. All infrastructure in support of housing is subject to Davis Bacon.

All projects receiving more than \$200,000 in HUD assistance (including CDBG-DR) are subject to **Section 3**.

All units shall be designed and constructed in accordance with all locally adopted and enforced **building codes** and standards. In the absence of locally adopted or enforced building codes and standards, the requirements of the current Iowa State Building Code shall apply. IEDA recommends that no units be smaller than 450 square feet for a one-bedroom or studio unit.

All units are subject to the **Iowa Green Streets Criteria** requirements. All applicants will be required to participate in a project-specific design consultation with IEDA prior to submitting their application. This will ensure that the project is designed in compliance with Iowa Green Streets and are incorporating stormwater management and green building practices into designs. All projects are subject to the Iowa Green Streets Criteria, which includes **universal design**, which ensures access to the units for persons with mobility, hearing, or vision impairments. Any exceptions to universal design granted under this program will not reduce the total number of universally-design multifamily units below federal ADA requirements of 5% of the project being



accessible for persons with mobility impairments and 2% of the project being accessible for persons with hearing or vision impairments.

Any **conversion project**, where new housing units will be created within an existing structure, must demonstrate that the space is not currently used for housing and has not been used for housing in the recent past. No housing rehabilitation will be considered eligible: only the conversion of space into new, additional housing units.

The **maximum number of units** awarded in a project cannot exceed 40 units.

The developer must **own the project site or be able to demonstrate site control** at the time of application.

Any actions to acquire property in anticipation of, or in receipt of, a federal CDBG-DR award may be subject to the **Uniform Relocation Act** and **Section 104(d)** of the Housing & Community Development Act.

All units must be constructed **outside of the mapped 100-year floodplains**. No exceptions will be granted to the 100-year floodplain restriction while projects within the 500-year floodplain restriction will be scored lower than projects located outside of flood hazard areas.

All housing units must be **connected to utilities** at the time of completion, including to municipal water, sewer, and broadband. No applications proposing connections to wells or septic tanks will be accepted. All housing units must be connected to publicly owned streets.

Any **contingencies** proposed in the application budget may not exceed 16%. **Developer fees** proposed in the application budget may not exceed 10%.

Residential properties containing businesses may only be included in the program when it can be clearly shown that CDBG-DR funds will not benefit businesses on the property. Program files will document how the costs were allocated between the residential portion and the business portion of the building.

Prior to the Grantee's (IEDA) obligation of funds for construction, developers will demonstrate that the engineering co-design for a project is feasible, prior to the obligation of funds by IEDA for construction. IEDA will also require that the subrecipient demonstrate construction financing and submit supporting documentation for estimated project costs prior to Release of Funds.

IEDA will reimburse funds for **actual costs incurred** up to the CDBG-DR award amount. Claims for reimbursement will be submitted via IowaGrants. The subrecipient shall maintain a file of all claim supporting documents, invoices, payments, and approval.

Claims are due within every 6 months. CDBG-DR assistance may be drawn down amid construction with supporting documentation of costs incurred submitted with the claim on IowaGrants. The final drawdown for reimbursement will only be granted once the "Demographic Data Collection" information is completed in IowaGrants.

**10% of awarded funds will be withheld as a retainage** until 100% of all invoices with all costs claimed are submitted to IowaGrants, reviewed, and approved. The subrecipient, in coordination with the grant administrator, will reduce the IowaGrants requested amount by the retainage so that the claim is paid in full.



Once closeout and compliance are complete, the subrecipient will claim the final 10% and IEDA will issue payment.

Federal regulations require FEMA National **Flood Insurance** for all federally-funded projects located within a Specific Flood Hazard Area-**100 year floodplain**. Insurance will be obtained before work begins and must be maintained at minimum throughout the remaining project and closeout. IEDA requires flood insurance for new housing units constructed in the **500-year floodplain**.

Subrecipients shall follow the federal **procurement** requirements detailed in the Combined CDBG-DR Policies and Procedures Manual for CDBG-DR projects and in 2 CFR Part 200. Any procurement conducted by the subrecipient must comply with the procurement policy in the Combined CDBG-DR Policies and Procedures Manual.

For this program, **developers do not need to procure their contractors or subcontractors** in accordance with HUD policy “Guidance on the Procurement of Developers and Subrecipients – June 1, 2012”.

[https://files.hudexchange.info/resources/documents/NSPPolicyAlert\\_ProcurementDevelopersSubrecipients.pdf](https://files.hudexchange.info/resources/documents/NSPPolicyAlert_ProcurementDevelopersSubrecipients.pdf).

Any construction contracts procured through awarded projects must comply with the Bonding Requirements noted in the Procurement Policy in the Combined CDBG-DR Policies and Procedures Manual.

All projects **must be cost reasonable**. IEDA will determine project cost reasonableness through the competitive application comparison, review, and selection processes and may obtain third-party verification on a case-by-case basis. As such, application budgets must be thorough and accurate for evaluation.

The subrecipient will maintain safety procedures designated by federal and state law for construction of new buildings.

### Timeliness

All projects will be tracked by the IEDA project manager in the annual risk assessment for their timeliness in completion. The budgetary discrepancy limits are as follows for a 2-year project:

Year	Projected Expenditure	Discrepancy
Year 1	50%	40%
Year 2	100%	10%

The budgetary discrepancy limits for a 3-year project are as follows:

Year	Projected Expenditure	Discrepancy
Year 1	33%	60%
Year 2	67%	40%
Year 3	100%	10%



If the spending differential is found to be greater than the limit shown, the project manager will determine the reason by reviewing current reporting narratives or metrics to determine if the spending is reasonable in regards to the status of tasks and deliverables. The project manager will also determine if the delays in spending or the completion of deliverables/tasks can potentially result in a negative impact to the project. If the discrepancy in spending or progress is deemed reasonable, the project manager will continue to monitor the expenditures.

If the project manager has concerns about the spending discrepancy or the status of project deliverables/tasks, or the recipient has reported a spending discrepancy for 2 consecutive years, the project manager will confer with the Disaster Recovery Team Lead for next steps. One of the following action items will be taken:

- Annual spending projections will be amended
- Project manager will continue to monitor the project status
- A meeting with partner management will be held. Partner will submit revised quarterly budget projection and/or a plan to overcome progress delay.
- Terminate the agreement.

### Housing Construction Offset Amounts

Housing construction offset Per Unit	Infrastructure in Support of Housing Per Unit*
\$75,000	\$70,000

Housing construction offset amounts are awarded as a non-receding forgivable loan and will be forgiven at the conclusion of the affordability period.

\*-Infrastructure in support of housing will be awarded competitively and not available to every awarded unit.

### Green Streets Plus

Mitigation activities are those activities that increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to, and loss of property, and suffering and hardship, by lessening the impact of future disasters.

This program is proposing an housing construction offset to increase the housing units' resilience to future natural disasters, lessen the impact of future natural disasters, and reduce LMI households' suffering and hardship after a natural disaster has destroyed or damaged their home. Funding will only be available to mitigate against disasters identified in the applicant county's Hazard Mitigation Plan.

IEDA will utilize the Iowa Green Streets Criteria and Fortified® Home, where these standards exceed the Iowa Green Streets, to manage the proper installation and completion of elements funded under this housing construction offset.

Eligible activities for the Green Streets Plus Housing construction offset include but are not limited to:



Green Streets Criteria Number	Description	Disaster Mitigation	County Eligibility
1.8	Resilient Structures	Thunderstorm, lightning, & hail; tornado & windstorm	Mills, Fremont, Harrison
3.4	Surface Water Management (1.25" rainfall)	Flood, Flash Flood, Drought	Mills, Fremont, Harrison
3.5	Surface Water Management (2.5" rainfall)	Flood, Flash Flood, Drought	Mills, Fremont, Harrison
5.2a, 5.2b, 5.3a, 5.3b	Moving to Zero Energy	Extreme heat, severe winter storm, thunderstorm, lightning & hail; tornado & windstorm	Mills, Fremont, Harrison
5.4	Achieving Zero Energy	Extreme heat, severe winter storm, thunderstorm, lightning & hail; tornado & windstorm	Mills, Fremont, Harrison
5.9	Resilient Energy Systems: Floodproofing	Flood	Mills, Fremont, Harrison
5.10	Resilient Energy System: Critical Loads	Extreme heat, severe winter storm, thunderstorm, lightning & hail; tornado & windstorm	Mills, Fremont, Harrison
5.13 Fortified® Roof	Fortified® Roof	Thunderstorm, lightning, & hail; tornado & windstorm	Mills, Fremont, Harrison
5.13 Fortified® Silver	Fortified® Silver	Thunderstorm, lightning, & hail; tornado & windstorm	Mills, Fremont, Harrison
5.13 Fortified® Gold	Fortified® Gold	Thunderstorm, lightning, & hail; tornado & windstorm	Mills, Fremont, Harrison

If requesting an additional mitigation item not listed in the table above, reach out to IEDA prior to submission. Email confirmation of the request's eligibility must be included in the application.

If mitigation reimbursable project costs are less than the requested funding amounts, IEDA will allow subrecipients to redirect those funds into other housing and infrastructure aspects of the awarded project.





## Infrastructure in Support of Housing

Infrastructure in support of housing can only be claimed when used in support of public infrastructure. The public infrastructure must be owned and maintained by the city/county/tribe through either the transfer of ownership or another legal agreement.

Public infrastructure must be accessible to the general public and serve a delineated service area. No utilities on private property will be considered public infrastructure (e.g., service lines from the right-of-way into the housing unit). Examples of public infrastructure include but are not limited to:

- Streets
- Street curbs and gutters
- Street trees
- Access roads
- Bridges
- Sidewalks
- Multi-use paths/trails
- Water lines and supporting infrastructure (if owned and operated by a publicly owned utility).
- Sewer lines and supporting infrastructure (if owned and operated by a publicly owned utility).
- Stormwater lines and supporting infrastructure (if owned and operated by a publicly owned utility).
- Electric, gas, and broadband lines (if owned and operated by a publicly owned utility. Rural electric cooperatives are not considered publicly owned utilities. Assistance to private utilities is allowable under a waiver granted to the State of Iowa under 87 FR 75644 as applied according to the Combined Policies and Procedures Guide)

For all applications that require the construction of infrastructure in support of housing, the applicant will provide a line-item request for each infrastructure item based on anticipated costs of construction, provide support documentation for these costs, and demonstrate that funding is not available through other existing federal, state, or local programs (e.g., TIF, DOT, general fund, etc.). All infrastructure in support of housing is subject to federal labor standards and Davis Bacon prevailing wage compliance. Infrastructure contracts must be separate from housing contracts.

Infrastructure in support of housing is available to both the for-sale and rental new housing construction programs. Higher scoring applications in both programs will receive the first opportunity to access these funds based on a demonstration of need.

All infrastructure in support of housing construction is subject to Davis Bacon if it exceeds \$2,000 in funds. Infrastructure in support of housing that is constructed by a developer is exempt from procurement in accordance with HUD policy "Guidance on the Procurement of Developers and Subrecipients – June 1, 2012".





[https://files.hudexchange.info/resources/documents/NSPPolicyAlert\\_ProcurementDevelopersSubrecipients.pdf](https://files.hudexchange.info/resources/documents/NSPPolicyAlert_ProcurementDevelopersSubrecipients.pdf).

Infrastructure in support of housing that is constructed by the subrecipient is subject to procurement. Any construction contracts procured through awarded projects must comply with the Bonding Requirements noted in the Procurement Policy in the Combined CDBG-DR Policies and Procedures Manual.

Program	Budget	MID Area (Harrison, Mills, & Fremont counties)
Infrastructure in Support of Housing	\$42,184,092	\$42,184,092

### Promoting Equity in Recovery

This program is intended to help impacted residents, protected classes, vulnerable populations, and members of underserved communities. Subrecipients will be expected to reduce barriers to individuals impacted by disaster, protected classes, vulnerable populations, and members of underserved communities in accessing the housing market. These classes include:

Population	Type	Population	Type
Race	FHA, Iowa Civil Rights Act Protected Class	Disability	FHA, Iowa Civil Rights Act Protected Class
Color	FHA, Iowa Civil Rights Act Protected Class	Sexual Orientation	Iowa Civil Rights Act Protected Class
National Origin (including immigrants & refugees)	FHA, Iowa Civil Rights Act Protected Class	Gender Identity	Iowa Civil Rights Act Protected Class
Religion	FHA, Iowa Civil Rights Act Protected Class	Citizenship	Iowa Civil Rights Act Protected Class
Sex (including sexual orientation and gender identity)	FHA, Iowa Civil Rights Act Protected Class	Political Affiliation	Iowa Civil Rights Act Protected Class
Familial Status	FHA, Iowa Civil Rights Act Protected Class	Indigenous Populations	Vulnerable & Underserved Population

Subrecipients will be expected to expedite the recovery of these populations and their participation in this program by conducting efforts including but not limited to:

- Performing outreach and engagement to understand the needs of impacted participants
- Creating a personalized recovery plan (during the application phase) that addresses the needs of the local community
- Coordinating with government agencies and developers



- Coordinating with local organizations to ensure that protected classes are aware of the assistance and can access it
- Coordinating with local nonprofit organizations that provide services to people experiencing homelessness, people with disabilities, and historically underserved populations to ensure the promotion of the program and help remove their barriers to access the assistance

In the Fair Housing and Outreach plan, for projects awarded after November 1, 2022, applicants should also specify which mandatory and elective activities. **All subrecipients, regardless of award date, must complete at least two of the mandatory activities**, which are as follows:

Mandatory Activity	Description
1	Advertise, publicize, and pass an affirmative fair housing policy that will certify that the local government adheres to the requirements of the federal Fair Housing Act and the Iowa Civil Rights Act of 1965 (adoption and use of the Equal Housing Opportunity logo and the Equal Housing Opportunity statement)
2	Identify and publish the name and contact information of a Discrimination Complaint Officer within the agency or jurisdiction for any housing-related bias or discrimination complaint
3	Refer housing discrimination complaints and assist in filing complaints with the Iowa Civil Rights Commission, the U.S. Department of Housing and Urban Development, or a local civil rights commission

**All subrecipients must complete at least one of the following elective activities that they will complete.** The list of elective activities includes the following:

Elective Activity	Description
1	Advertise the availability of housing and related assistance to population groups that are the least likely to apply through various forms of media (i.e. radio stations, posters, flyers, newspapers, Facebook, city web page) in English and other languages spoken by eligible families within the project service area
2	Include a flyer about fair housing in a local utility or tax bill and send it to every household within the municipality
3	Have the Responsible Entity staff attend a fair housing training or conference
4	Organize a letter writing campaign to local legislators and/or local government staff about the need to fund and support fair housing programs
5	Sponsor trainings for realtors, bankers, landlords, homebuyers, tenants, public housing authority and other city/town employees to educate them on their fair housing rights and responsibilities. This activity <b>MUST</b> be done in collaboration with the Iowa Civil Rights Commission or a local civil rights commission
6	Provide training/educational programs about fair housing for financial, real estate, and property management professionals at local firms, including their obligations to comply with the federal Fair Housing Act and the Iowa Civil Rights Act of 1965 (this can be done by partnering with a bank, board of realtors association, or other local group and helping to sponsor a program taught by a qualified entity such as the Iowa Civil Rights Commission



7	Conduct meetings with advocacy groups for members of the protected classes on the availability of affordable and accessible housing and determine housing needs to plan future projects
8	Establish and/or fund fair housing organizations in areas where there are no such organizations
9	Conduct fair housing testing to ensure that local housing providers and/or lenders do not discriminate (fair housing testing must be conducted by a HUD-certified fair housing agency)
10	Assist Housing Choice Voucher program participants to help locate and secure housing outside of racially concentrated areas of poverty (RCAPs) or outside of areas nearby RCAPs
11	Conduct outreach to housing providers and housing developers to discuss affordable and accessible housing needs in RCAPs and near RCAPs
12	Evaluate the local zoning ordinance against fair housing benchmarks identified in this AI, using the Zoning Risk Assessment Tool. Evaluate the need for amendments to the zoning ordinance and make them.
13	Organize a tester recruitment event in collaboration with the Iowa Civil Rights Commission to help document instances of housing discrimination.

IEDA monitoring will include reviewing efforts indicated in the Fair Housing and Outreach Plans, along with the mandatory and elective activities to affirmatively further fair housing.

### Tieback: Disaster-Affected Households

*This policy and procedure update is effective April 3, 2023.*

The purpose of this program is to provide affordable new housing opportunities outside of the special flood hazard area in the MID area (Mills, Fremont, and Harrison counties). Preferably, these housing units should be occupied by persons impacted by the 2019 disaster.

Considerable time passed between the March 2019 disaster, HUD’s signing of the 2019 CDBG-DR grant agreement with the State of Iowa in December 2020, the launch of housing rounds in January 2021 and September 2021, and the completion of the first units in calendar year 2023. However, it is important to maintain the tieback to the disaster event.

**All housing units built must be marketed to persons impacted by the 2019 Floods for 4 months before being offered to an eligible member of the public.** Impact includes but is not limited to: property damage, property loss, displacement, buyout, loss of business, loss of employment, economic loss, commute time to employment or childcare significantly increased due to disaster impact, physical or mental health issues related to the disaster, etc.

The State does not want completed housing units sitting empty for 4 months before being able to be sold to an income-eligible member of the public. For this reason, the State is proposing several steps to ensure that disaster-impacted residents have the first opportunity to buy the housing units:

#### Step 1: Marketing



No more than 6 months out from the completion of housing units, the developer will reach out to the grant administrator to begin marketing the homes and establishing a pool of eligible tenants. All marketing materials must contain approximately the following language:

*“Those who were impacted by the Spring 2019 floods will receive the first opportunity to rent the units”.*

The grant administrator will also receive a sample of marketing materials. Once the developer has notified the grant administrator of marketing efforts beginning, the 4-month period will commence.

The State will also notify LMI beneficiaries of the FEMA Match Buyouts of the opportunity to rent the units. This notification will occur prior to completion of the first rental units and will include all of the awarded housing opportunities with anticipated project timelines.

### **Step 2: Income Qualification**

During the 4-month disaster impact marketing window, the grant administrator will receive applications from persons interested in renting the units. This application will include a self-certification for applicants to certify their disaster impact and provide an explanation of how they were impacted by the disaster.

Only applicants with a disaster impact will be income-qualified and receive approved applications during the 4-month window. Applicants will then proceed to submit an application to the property manager. Income qualifications are valid for 12 months and there should be an expected opportunity to rent the units within 8 months of income qualification.

### **Step 3: Lease of Units**

When housing units are completed or it is appropriate to sign a lease, developers will notify approved applicants on a first come, first serve basis. Provided that disaster impacted persons will be the first ones to be income qualified and put onto a list of eligible tenants as maintained by the developer and grant administrator, disaster impacted residents will have the first opportunity to rent the units.

Disaster-impacted residents income qualified within the 4-month marketing window will have at least 30 days to submit an application to the property manager and sign a lease to hold their place in the queue. Once all disaster-impacted approved applicants have been contacted to submit an application to the property manager and sign a lease, and at least 30 days have passed, approved LMI applicants of the general public will be contacted on a first come, first serve basis and have at least 30 days to submit an application to the property manager and sign a lease.

## **Project Delivery**

IEDA will only award applications with a project delivery entity indicated on the application. All non-entitlement subrecipients (cities/counties/tribes) will be required to contract with a council of government (MAPA and SWIPCO for Mills County, SWIPCO for Harrison and Fremont counties) or procure an IEDA-approved consultant for project delivery services. Under Iowa law, procurement is not required for grant administration if a local government chooses to use their council of government (COG). COG or consultant staff working with the project will be required to maintain an active IEDA Certified Grant Administrator certification.



IEDA will award up to \$5,000 per unit in project delivery. The entitlement community, COG, or consultant will provide a lump sum estimate for project delivery in the application for CDBG-DR funding. Project delivery must be substantiated by documentation of costs incurred and cannot be duplicated by another federal funding source. Project delivery includes but is not limited to:

- Environmental Review Record documentation, including required publication costs
- Lien development and filing
- Mortgage recording
- Income verification
- Federal Labor Standards Compliance
- Section 3 Compliance
- Financing/interest incurred for project implementation

### **Exception Policy**

IEDA will consider exceptions to the program guidelines on a case-by-case basis. All exceptions must be submitted in writing with the application and include a justification. Exceptions should enhance the benefit to LMI households or areas.

Exceptions cannot violate federal, state, or local laws or regulations. Exceptions must still meet HUD's requirements for necessary and reasonable, comply with federal accessibility standards, and accommodate a person with disabilities if applicable.

A written response will be authorized in writing to the applicant upon approval or denial of the application requesting an exception.

### **Application Scoring Criteria**

IEDA will use the following criteria to rank applications as of November 1, 2022:

1. Rank the level of development of plans, renderings, and specifications provided
2. Rank the project's location outside of the 500-year floodplain
3. Rank the Green Score: the degree to which the proposed project is consistent with sustainability and smart growth principles and the degree to which the project exceeds the Iowa Green Communities Criteria (higher points for requesting and integrating additional green and resiliency housing construction offsets)
4. Rank how the project included the recommendations provided in the IEDA design consultation
5. Rank whether the project intends to comply with the U.S. Department of Energy Zero Energy Ready Homes program requirements and obtain certification
6. Rank the project's alignment with the applicant's Community Development and Housing Needs Assessment



7. Rank the community's proposed steps to Affirmatively Further Fair Housing
8. Rank how well the project furthers infill, compact, transit-oriented development, and/or orderly development
9. Rank the project's access to biking/walking trails, open space/recreation, and parks
10. Rank the project's access to public transit and/or alternative forms of transportation
11. Rank the project's shovel readiness
12. Rank how well documented the other funding sources are
13. Rank the level of optional local match
14. Rank how detailed the development team is. Does it include email and phone number contact information for all development team members?
15. Rank how experienced the development team is with green and resilient building standards and/or the Iowa Green Streets criteria.
16. Rank how experienced the development team is with HUD or federally funded projects.
17. Rental only: Rank how detailed the pro forma and rent calculation worksheet is.

## Required Application Documentation

Only complete, timely-received applications will be reviewed, scored, and ranked. Complete applications will complete all required fields in IowaGrants and provide at least the following required documentation unless granted an exception in writing by IEDA:

- **Site Plan** (which clearly shows the project location/s)
- **Project design documents**
- **Documentation of site control** (either Assessor's page showing ownership or executed purchase option with deadline at least 3 months post the closure of the IEDA application submission deadline)
- **Current site/s zoning** and an outline of any needed rezonings with a timeline for completion
- **Resolution of support** from the city/county/tribe
- **Developer Assurances** signed by the developer and city/county/tribe
- **DOB Application Certification** signed by the Developer
- **Support documentation** for project budget (awards will not be issued without this)
- **Support documentation** for Sources and Uses of funds equal to the project budget
- **Completed Green Streets Checklist** for baseline standards of compliance



- **Documentation of request** for Infrastructure in Support of Housing (if applicable)
- **Documentation of request** for Mitigation Housing construction offset (if applicable)
- **Outreach plan** to LMI, underserved, and vulnerable populations eligible to purchase a home through this program, including any steps to help prepare them for homeownership
- **Staffing Plan** identifying and providing communication information for local and COG/consultant staff anticipated to be working on the project if awarded
- **Signed Affirmation of Receipt** of Iowa Attorney General contractor fraud checklist

## Post Award Steps to Release of Funds

All funded projects will be required to comply with all federal and state requirements. By signing the Developer Assurances, the developer acknowledges and accepts these requirements. By passing a resolution of support and executing a contract with IEDA, the subrecipient (city, county, or tribe) assumes the responsibility of enforcing these requirements as the HUD-designated Responsible Entity (RE) in accordance with 24 CFR Part 58. The following steps will be required post award:

1. IEDA will enter into contract with the city/county/tribe for the award amount
2. The subrecipient will enter into a contract for project delivery if applicable
3. Release of Funds will be issued by IEDA

## Release of Funds

Before Release of Funds can be issued by IEDA, an environmental review process in accordance with the National Environmental Policy Act (NEPA) must take place to ensure compliance with all federal and state laws and regulations. An environmental review is an analysis of the impacts of a project on the surrounding environment and the environment's impact on the project itself. An environmental review:

- Ensures HUD-funded projects provide decent, safe, and sanitary housing
- Demonstrates compliance with the 17 federal laws and authorities governing NEPA
- Is a public document that encourages public participation in its development
- Is coordinated by the subrecipient and grant administrator

The timeline for an environmental review generally takes between 4-6 months, but the specific timeline will be dependent on-site conditions. The review must be published in the local newspaper of record and will include a 30-day comment period. Once the environmental review checklist is complete, it will be submitted to IowaGrants.

Throughout the environmental review, **no choice-limiting** actions can be committed by the subrecipient or its partners. These include actions to commit or spend CDBG-DR or non-HUD funds for activities including but not limited to:

- Purchase of property or structures (including executing an option agreement)
- Bidding (or advertisement of bids)





- Signing construction contracts or any kind
- Construction, demolition, rehabilitation, repair, conversion, site improvements, and any phase of construction activities
- Platting and rezoning land (can work on preliminary plats and rezoning needs)
- Apply for building permits

The federal nexus is as of award date. If you have any questions regarding choice-limiting actions, please contact IEDA immediately.

### Affordability Period Compliance

Each project will be required to annually submit an affordability period compliance spreadsheet to IEDA. This report will be due for the prior calendar year (January 1-December 31) and submitted to IEDA by January 15<sup>th</sup>. It may be submitted to the IEDA Disaster Recovery Team or otherwise designated contact via email.

All tenants for initial occupancy will be required to submit a full income verification at lease up. Unless otherwise changed by HUD for the HOME program, tenants will be expected to provide 2 months of supporting documentation of pay stubs, employer verification coming directly from the employer and not the tenant, employment offer letter when moving into a unit. Full-time, undergraduate students under the age of 24 are not generally allowed.

Self-certifications of income will be allowed for up to 3 renewals (years 1-4). Before the tenant renews for their fifth year in the rental community, they will be required to undergo a full income verification.

At least 51% of units must be leased to persons of low to moderate income (LMI). This is at or below 80% of the area median income. All incomes are subject to the HUD HOME 65% limits minus the utility allowance as established annually by the local housing authority.

The annual compliance spreadsheet will include the following:

**Tab 1**

Required Row	Details
Subrecipient	City/County/Tribe originally awarded CDBG-DR funds
Contract number	Original contract number between IEDA and the subrecipient
Rental project name	Name of the rental project
Rental project owner	Owner of the rental project
Rental project manager phone number	Phone number
Rental project manager email	Email



Rental project address	Address, including city, for the rental community
Affordability period start date	Start date of the affordability period
Affordability period end date	End date of the affordability period
Review date	Should be as of December 31

**Tab 2**

Required Column	Unit Type
Unit number	All units
LMI/Market Rate indication for the unit	All units
Number of bedrooms	All units
Rent amount	All units
Tenant last name	Income restricted
Date of most recent income verification	Income restricted
Date of most recent income self-certification	Income restricted
Tenant income	Income restricted
Number of persons in the household	Income restricted
80% Area Median Income for household size	Income restricted
Self-reported female head of household	Income restricted
Self-reported Hispanic/Latino ethnicity	Income restricted
Self-reported race	Income restricted

IEDA reserves the right to monitor projects at any point during the affordability period and review supporting documentation for information submitted on annual compliance spreadsheets.





## Subrecipient Document Retention

The subrecipient (city/county/tribe) must retain **all documentation** of this project for three years after the entire 2019 CDBG-DR grant between IEDA and HUD is closed. IEDA grant closeout with HUD is anticipated in 2026. Subrecipients should expect to retain all documentation **through at least 2029**. IEDA will notify all subrecipients when documentation retention is no longer required. Subrecipients may also contact IEDA's Federal Programs and/or Disaster Recovery divisions to inquire about document retention times for 2019 CDBG-DR.

## Developer Document Retention

The developer and/or subsequent owner/s of the rental project must retain **all income verification documentation** information for 3 years past the conclusion of the affordability period on the rental project or 3 years following grant closeout between HUD and IEDA, whichever is later.

