

Red Tape Review Rule Report (Due: September 1, 2024)

Department Name:	IFA	Date:	August 12, 2025	Total Rule Count:	7
IAC #:	265	Chapter/ SubChapter/ Rule(s):	Chapter # 43	Iowa Code Section Authorizing Rule:	16.49 and 16.5(1)r
Contact Name:	Michael Thibodeau	Email:	Michael.Thibodeau@IowaFinance.com	Phone:	(515) 452-0436

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of Chapter 43 is to set forth rules to be followed in implementing the Community Housing and Services for Persons with Disabilities Revolving Loan Program. The program provides loans to sponsor organizations to construct affordable permanent supportive housing or develop infrastructure in which to provide supportive services, including through new construction, acquisition and rehabilitation of existing housing or infrastructure, or conversion or adaptive reuse pursuant to Iowa Code Chapter 16 §49.

Is the benefit being achieved? Please provide evidence.

Yes, the benefit is being achieved. The authority is able to effectively award and administer loans through the program.

What are the costs incurred by the public to comply with the rule?

Entities interested in applying for the program may require staff time to complete an application to receive a loan. Recipients of loans may similarly incur costs to comply with reporting and monitoring requirements of the program. Some applicants/recipients may choose to rely on an external service provider to complete these tasks, such as a consultant. The amount of the costs will vary, depending on the compensation of staff or service providers involved. The application and reports require minimal time to complete.

What are the costs to the agency or any other agency to implement/enforce the rule?

IFA staff time is required to review and prepare applications for approval, draft and execute program contracts, disburse funds, review reports, and communicate with program applicants and recipients.

Do the costs justify the benefits achieved? Please explain.

Yes. Only entities that will potentially benefit from the program incur any costs. The costs to the state to administer the program are proportional to the activities supported.

Are there less restrictive alternatives to accomplish the benefit? ☐ YES ☒ NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

Yes.

Rule 43.1 should be deleted.

Rule 43.2 should be updated to revise definitions.

Rule 43.3 should be updated to reflect how the program works.

Rule 43.4 should be updated for clarity in the application process.

Rule 43.5 should be updated to clarity in the program guidelines.

RULES PROPOSED FOR REPEAL (list rule number[s]):

None.

CHAPTER 43
COMMUNITY HOUSING AND SERVICES FOR PERSONS WITH DISABILITIES
REVOLVING LOAN PROGRAM

265—43.1(16) Definitions. When used in this chapter, unless the context otherwise requires:

“*Authority*” means the Iowa finance authority.

“*Department*” means the Iowa department of health and human services.

“*Infrastructure*” means the building and permanent improvements necessary for the support of Medicaid waiver-eligible individuals.

“*Medicaid waiver-eligible*” means eligible to receive 19 United States Code Section 1915(c) home- and community-based services waivers under Iowa Administrative Code 441—Chapter 83.

“*Permanent supportive housing*” means a community-based dwelling that has supportive services for persons with disabilities. This type of supportive housing enables special needs populations to live as independently as possible in a permanent setting.

“*PMIC*” means psychiatric medical institutions for children.

“*Program*” means the community housing and services for persons with disabilities revolving loan program.

265—43.2(16) Award of loan funds. It is the authority’s intent to award loans under the program to those applicants that meet all of the requirements of this chapter and the published underwriting standards of the loan program. The authority intends to award the available funds under this program each year if applicants meet all applicable requirements.

265—43.3(16) Application process. Any unallocated or recovered funds, or payments of interest and principal, or any combination thereof, may be awarded or may be carried over to the next year’s cycle of loans at the discretion of the authority. The authority will take such applications from time to time and will analyze and award loans to applicants on an ongoing basis.

265—43.4(16) Program guidelines. For-profit and nonprofit sponsors are eligible to apply for assistance under this program based on the following program guidelines; after receiving approval of a service plan to benefit the Medicaid waiver-eligible individuals who reside in the project. The service provider may apply for the loan fund; however, the service provider does not have to be the applicant for the loan fund. If the service provider is not the loan applicant, a memorandum of understanding must exist between the loan applicant and the service provider which shows an obligation on behalf of the service provider to deliver services to the Medicaid waiver-eligible individuals residing in the project and which shows that the loan applicant is obligated to offer housing to the Medicaid waiver-eligible individuals who need the services provided by the service provider.

43.4(1) Projects meeting the following criteria are eligible for assistance:

a. Written approval from the department for the proposed project prior to application for loan funds.

b. In order to be approved by the department, the project must demonstrate all of the following components:

(1) The project serves one of the following Medicaid waiver-eligible populations:

1. Individuals who are currently underserved in community settings, including individuals who are physically aggressive or have behaviors that are difficult to manage or individuals who meet the PMIC level of care; or

2. Individuals who are currently placed out of state by the department; or

3. Individuals who are currently receiving care in an Iowa-licensed health care facility.

(2) A plan to provide each Medicaid waiver-eligible individual with crisis stabilization services to ensure that the individual’s behavioral issues are appropriately addressed by the provider.

(3) Policies and procedures that prohibit discharge of the Medicaid waiver-eligible individual from the waiver services provided by the project provider unless an alternative placement that is acceptable to the individual or the individual’s guardian is identified.

c. In order to be approved by the department for application for funding for development of infrastructure in which to provide supportive services under this chapter, a project shall include all of the following components:

(1) Provision of services to Medicaid waiver-eligible individuals who meet the PMIC level of care.

(2) Policies and procedures that prohibit discharge of the Medicaid waiver-eligible individual from the waiver services provided by the project provider unless an alternative placement that is acceptable to the individual or the individual’s guardian is identified.

43.4(2) The following types of activities are eligible for assistance:

a. Acquisition and rehabilitation.

b. New construction.

c. Such other similar activities as may be determined by the authority to fall within the guidelines and purposes established for this program.

43.4(3) Assistance will be provided upon the following terms and conditions:

a. The minimum loan amount is \$50,000, and the maximum loan amount is \$500,000. The maximum loan term and amortization period are each 30 years.

b. The acceptable debt service ratio and loan-to-value ratio will be calculated and determined by the authority.

c. Interest rates will be set by the authority, in its sole discretion.

d. Loans shall be secured by a first mortgage, to the extent possible. Construction financing may be awarded to projects.

e. Recipients of assistance must agree to observe several covenants and restrictions all in accordance with such loan and mortgage documents as may be required by the authority under this program.

f. The recipient must show its title in the real estate on which the project is to be located is a marketable title pursuant to Iowa Land Title Examination Standards, or other applicable law through a title guaranty certificate issued by the title guaranty division of the Iowa finance authority showing the recipient as the guaranteed which includes any endorsements required by the authority.

g. Recipients must execute such documents and instruments and must provide such information, certificates and other items as determined necessary by the authority, in its sole discretion, in connection with any assistance.

43.4(4) Loan fees.

a. Loan fees are as follows:

(1) Application fee – 0.3 percent of loan amount.

(2) Commitment fee (construction period) – 1.0 percent of loan amount.

(3) Commitment fee (permanent loan) – 2.0 percent of loan amount.

(4) Inspection fee (construction loan) – 0.5 percent of loan amount.

b. The authority may, in limited cases, reduce such fees if necessary in connection with assistance provided under this program. Such decision will be made in the sole discretion of the authority.

265—43.5(16) Authority analysis of applications. Authority staff will analyze and underwrite each potential project and will make recommendations for funding assistance to the authority board of directors. Authority staff will use such procedures and processes in its underwriting and analysis as it deems necessary and appropriate in connection with furthering the purposes of this program. In addition, the authority anticipates that, because of the complex nature of each transaction and the particular set of circumstances attributable to each particular application/transaction, the terms and conditions of loans will vary from project to project. The authority will make available its general operating procedures and guidelines for this program.

265—43.6(16) Discretion of authority board. The authority board of directors has the sole and final discretion to award or not to award assistance and to approve final loan terms.

265—43.7(16) Closing/advance of funds. If all requirements of the authority are not met in accordance with any time frames set by the authority and to the complete satisfaction of the authority, all in the sole discretion of the authority, the authority may determine to cease work on an approved project and, accordingly, not advance any funds for such project.

These rules are intended to implement Iowa Code sections 16.5(1) and 16.49.

****For rules being re-promulgated with changes, please attach a document with suggested changes.***

METRICS

Total number of rules repealed:

1

Proposed word count reduction after repeal and/or re-promulgation	361
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	5

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No