

Community Development Block Grant – Disaster Recovery funding (CDBG-DR)

Disaster recovery funding through the U.S. Department of Housing and Urban Development (HUD) has been appropriated for disaster recovery from the August 2020 derecho. CDBG-DR funding has been allocated to the State for distribution. Marshall, Tama, and Benton County have been awarded funds for single-family units and rental units.

CDBG-DR housing awards are administered by the Iowa Economic Development Authority (IEDA). IEDA is a state agency which administers CDBG-DR awards issued to the State of Iowa by the U.S. Department of Housing & Urban Development (HUD). IEDA works in partnership with the City of Atkins, East Central Iowa Council of Governments (ECICOG), Ralston Eco Homes, and Todd Richardson Construction. The program's intent is to assist in the long-term recovery to the August 2020 derecho by providing for long-term, quality, single-family housing that is resilient to future natural disasters and affordable to low-to-moderate income households.

CDBG-DR housing awards have been granted for two affordable, resilient for sale single-family duplexes in Atkins, Iowa in the Stone Ridge Development. Those who were impacted by the August 2020 derecho will receive the first opportunity to purchase the homes.

Duplexes will be located at 510/514 Driftwood Ln and 557/559 Driftwood Ln Atkins, IA 52206

Each unit in the duplex must be sold to persons of low-to-moderate income (LMI) as defined as 80% of Benton County median income or less

1 person	\$50,400	4 person	\$72,000
2 person	\$57,600	5 person	\$77,800
3person	\$64,800	6 person	\$83,500

The homes must be the primary residence of the LMI buyer.

The maximum sales price to the initial occupant is \$185,000.

Down payment assistance of 100% required down payment and closing costs of up to \$35,000 for qualified buyers.

The affordability period will be 15 years for single-family housing units. Incentive amounts per unit will be recorded as a forgivable mortgage on a monthly receding basis and subject to recapture from the homeowner if the housing unit is sold during the affordability period to a non- LMI household.

15-year affordability period. Homes need to be resold to LMI buyers during that period or the homeowner will need to repay the State for remaining unforgiven balance of the housing incentive awarded for construction of the home. Recorded as a monthly receding lien.

5-year period for down payment assistance. Recorded as a monthly receding lien. Buyer will need to repay the State for the remaining unforgiven balance if the home is sold within 5 years

Eligible LMI buyers approved for a mortgage will have access to down payment assistance up to 100% of lender required down payment and applicable closing costs. Households requiring co-signers from outside of the purchasing household are ineligible. This will be filed as a forgivable mortgage on a monthly receding basis for 5 years and subject to recapture if the housing unit if the LMI buyer transfers, sells, vacates, or abandons the property during the 5-year period, unless such sale or transfer meets the requirements of these guidelines or IEDA provides approval in advance of the transfer.

Homeowners that refinance their property within the 5-year period may only do so for the purpose of lowering their interest rate and not for the purpose of receiving funds by cashing out equity. Refinancing to lower the interest rate will require verification from the lender that no funds will be received and a subordination agreement between the homeowner and the subrecipient is required. If the homeowner receives funds from refinancing, they will be required to repay all CDBG-DR funding.

Homebuyers should apply for State and local home buying assistance programs (e.g., Iowa Finance Authority programs) before applying for CDBG-DR assistance to avoid a Duplication of Benefit.

<https://www.iowafinance.com/homeownership/>

IEDA encourages the use of USDA Section 502 Direct Loans, which tend to offer lower interest rates and no required down payment for LMI buyers.

https://www.rd.usda.gov/sites/default/files/fact-sheet/508_RD_FS_RHS_SF502Direct.pdf