Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 22
"Nuisance Property and Abandoned Building Remediation Assistance"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A and 15.338
State or federal law(s) implemented by the rulemaking: Iowa Code section 15.338

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

June 3, 2025	1963 Bell Avenue
9 to 9:15 a.m.	Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Economic Development Authority no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Lisa Connell
Iowa Economic Development Authority
1963 Bell Avenue, Suite 200
Des Moines, Iowa 50315
Email: lisa.connell@iowaeda.com

Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 22 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the nuisance property and abandoned building remediation assistance program provided by the Authority pursuant to Iowa Code section 15.338.

The updated chapter will be more concise throughout. Unnecessary definitions, language that duplicates statute, and language that is duplicated within the chapter will be eliminated. Specific point totals for scoring criteria will also be removed from the chapter. A reference to the Authority's option to require recipients to use a grant administrator will be included in the new chapter.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Cities interested in applying for or receiving assistance through the program will bear the costs of the rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Cities interested in applying for or receiving assistance through the program will benefit from the rulemaking.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Cities interested in applying for financial assistance may require staff time to complete an application for financial assistance. Cities that receive funds may similarly incur costs to administer an

award, including requests for disbursement. Some applicants may choose to rely on an external service provider to complete these tasks, or the Authority may require recipients to utilize a grant administrator, such as a council of governments to administer the award. The amount of the costs will vary depending on the compensation of staff, service providers, or grant administrators involved.

- **Qualitative description of impact:**

The program supports remediation and redevelopment of nuisance properties and abandoned buildings.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Authority staff time is required to review and approve applications, draft and execute program contracts, disburse funds, and communicate with program applicants and recipients.

- **Anticipated effect on state revenues:**

The rules have no anticipated impact on state revenues. The Authority is directed to provide financial assistance pursuant to Iowa Code section 15.338 from funds appropriated for the purposes of that section or other funds lawfully available to the Authority.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Only the entities that will potentially benefit from financial assistance bear the costs of the rulemaking. The costs to the State to administer the program are proportional to the activities supported by financial assistance.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The Authority has not identified any less costly methods or less intrusive methods for administering the program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Authority did not consider any other methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Authority did not consider any other methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rules do not have a substantial impact on small business. The rules do not establish compliance or reporting requirements for businesses. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 261—Chapter 22 and adopt the following **new** chapter in lieu thereof:

CHAPTER 22
NUISANCE PROPERTY AND ABANDONED BUILDING REMEDIATION ASSISTANCE

261—22.1(15) Definitions. For purposes of this chapter unless the context otherwise requires:

"Abandoned building" means a building that has remained vacant and been in violation of the applicable housing code or building code for a period of six consecutive months.

"Applicant" means a city applying for financial assistance under the program.

"Authority" means the economic development authority created in Iowa Code section 15.105.

"Building" means a structure that is:

1. Used or intended to be used for commercial or industrial purposes; or
2. Used or intended to be used for residential purposes; or
3. Used for both commercial or industrial and residential purposes.

"Costs directly related" means expenditures that are incurred for acquisition, demolition, disposal, redevelopment, or rehabilitation of a project to the extent that they are attributable directly to the remediation or redevelopment of the property or its improvements. "Costs directly related" includes expenditures for site preparation work, surveying, construction materials, construction labor, architectural services, engineering services, building permits, building inspection fees, and interest accrued on a construction loan during the time period allowed for project completion under an agreement entered into pursuant to the program. "Costs directly related" does not include expenditures for furnishings, appliances, accounting services, legal services, loan origination and other financing costs, syndication fees and related costs, developer fees, or the costs associated with selling or renting the dwelling units whether incurred before or after completion of the project.

"Director" means the director of the authority.

"Financial assistance" means a loan or forgivable loan made by the authority to an applicant approved for funding under the program.

"Nuisance property" means a building, structure, or other real estate that is, or is likely to become, a public nuisance.

"Program" means nuisance property and abandoned building remediation assistance program established pursuant to this chapter.

"Project" means remediation or redevelopment of nuisance properties and abandoned buildings. "Project" may include properties at multiple sites and locations, whether contiguous or not, as long as all properties to be remediated or redeveloped are included in the proposed plan upon application and as long as the proposed plan demonstrates the steps and actions necessary to further remediation and redevelopment efforts in a comprehensive and coordinated manner.

"Public nuisance" means the same as defined in Iowa Code section 657A.1 and includes buildings with blighting characteristics as defined by Iowa Code section 403.2.

"Redevelopment" means development activities associated with a project that are undertaken either for the purpose of remediating nuisance properties or abandoned buildings; for constructing new buildings or improvements at a site where formerly existing buildings have been demolished; or for rehabilitating, reusing or repurposing existing buildings or improvements at a project site. "Redevelopment" typically includes projects that result in the elimination of blighting characteristics as defined by Iowa Code section 403.2.

"Remediation" or *"remediating"* means the demolition, disposal, removal, repair, improvement, or rehabilitation of nuisance property or abandoned buildings at a site included in a project.

261—22.2(15) Program description.

22.2(1) *Amount, form, and timing of assistance.* The program provides financial assistance to cities for the redevelopment or remediation of nuisance properties and abandoned buildings and other structures. The amount of assistance awarded will be negotiated between each applicant and the authority based on the total amount of funds available to the authority for the program and based on the project details.

22.2(2) *Application.*

a. Each fiscal year in which funding is available, the authority will accept applications for the assistance under the program and make funding decisions on a rolling basis.

b. Information on submitting an application under the program is available on the authority's website.

22.2(3) *Use of funds.*

a. An applicant shall use funds only for purposes of the costs directly related to the project and provide documentation or other information establishing the actual costs incurred for a project. Failure to use the funds for purpose of the costs directly related to a project shall be grounds for default under the contract entered pursuant to this chapter.

b. If a city receives financial assistance under the program, the amount of any lien created for costs related to remediation of a property included in a project plan shall not include any moneys that the city received pursuant to this chapter for the remediation of the property. The contract executed pursuant to rule 261—22.4(15) will include a provision implementing this requirement.

261—22.3(15) Eligibility and funding decisions.

22.3(1) To be eligible under the program, an applicant shall be a city interested in addressing issues of slum and blight through the remediation or redevelopment of nuisance properties or abandoned buildings.

22.3(2) Scoring criteria for applications may include but are not limited to financial need, project impact, plan to address the nuisance property or abandoned building, and other criteria as determined appropriate by the authority.

22.3(3) Each eligible application will be scored by authority staff. The director will make the final funding decision on each application, taking into consideration the amount of available funding, the numerical score of the application, and the funding recommendation of authority staff. The director may approve, deny, or defer funding for any application.

261—22.4(15) Contract. Each applicant that is approved for financial assistance under the program shall enter into a contract with the authority. The contract will establish the terms on which the financial assistance is to be provided and may include any other terms necessary for administration of the program. The authority may require that an applicant utilize a grant administrator as a condition to receipt of financial assistance.

These rules are intended to implement Iowa Code section 15.338.