

### **Regulatory Analysis**

Notice of Intended Action to be published: 261—Chapter 23  
“Iowa Community Development Block Grant Program”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A  
State or federal law(s) implemented by the rulemaking: 24 CFR Part 570 and Iowa Code section 15.108(1)“a”

#### *Public Hearing*

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

July 15, 2025  
2:15 to 2:30 p.m.

1963 Bell Avenue  
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 (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](mailto:lisa.connell@iowaeda.com)

#### *Purpose and Summary*

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 23 and adopt a new chapter in lieu thereof. The chapter describes the procedures by which the Authority administers and awards Community Development Block Grant funds.

The proposed new chapter omits unnecessary and inconsistent language.

#### *Analysis of Impact*

1. **Persons affected by the proposed rulemaking:**
  - **Classes of persons that will bear the costs of the proposed rulemaking:**  
Local governments requesting funds will bear the costs of the proposed rulemaking.
  - **Classes of persons that will benefit from the proposed rulemaking:**  
Local governments applying for funding may benefit from the improved clarity of the chapter.
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:**  
Local governments that wish to apply for funds may incur costs associated with drafting the application and providing additional information if additional information is needed.
  - **Qualitative description of impact:**  
This proposed rulemaking will provide clarity about the Authority’s processes for awarding Community Development Block Grant funds.
3. **Costs to the State:**
  - **Implementation and enforcement costs borne by the agency or any other agency:**

Authority staff time is required to prepare and submit plans to the U.S. Department of Housing and Urban Development, review and award applications and manage funded projects to ensure compliance.

- **Anticipated effect on State revenues:**

This proposed rulemaking has no anticipated effect on State revenues.

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

This proposed rulemaking does not impose any additional costs on communities applying for funds compared to the existing Chapter 23.

**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 that exist for awarding Community Development Block Grant funds.

**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 alternative methods.

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

The Authority did not consider any alternative methods because the Authority did not identify a less costly or less intrusive method.

*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. The rules do not establish design or operational standards.

*Text of Proposed Rulemaking*

ITEM 1. Rescind 261—Chapter 23 and adopt the following **new** chapter in lieu thereof:

CHAPTER 23

IOWA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

**261—23.1(15) Purpose.** The primary purpose of the community development block grant program is the development of viable communities by providing decent housing and suitable living environments and expanding economic opportunities, primarily for persons of low and moderate income.

**261—23.2(15) Definitions.** When used in this chapter, unless the context otherwise requires:

“*Annual action plan*” means the annual plan required and approved by HUD that outlines the state’s processes and procedures for distribution of CDBG funds. The annual action plan is available on the authority’s website.

“*Authority*” means the economic development authority created in Iowa Code section 15.105.

“*Authority’s website*” means the information and related content found at [opportunityiowa.gov](http://opportunityiowa.gov) and may include integrated content at affiliate sites.

“*CDBG*” means community development block grant.

“*Citizen participation plan*” means the plan required and approved by HUD that describes the state’s process for including citizen participation in development of its consolidated plan and annual action plan. The citizen participation plan is available on the authority’s website.

“*Consolidated plan*” means the five-year plan required and approved by HUD that establishes goals and objectives for the state’s CDBG program. The consolidated plan is available on the authority’s website.

“*HUD*” means the U.S. Department of Housing and Urban Development.

“*Management guide*” means the administrative reference manual published by the authority for each program year. The management guide is available on the authority’s website.

“*Program year*” means the annual period beginning January 1 and ending December 31.

“*Recipient*” means a local government entity awarded CDBG funds under any CDBG program.

**261—23.3(15) Annual action plan.** The authority will prepare a CDBG annual action plan for submittal to and approval by HUD. The plan will provide a description of the activities and programs that will take place during the year to meet goals established in the consolidated plan.

**23.3(1)** The authority will follow the state’s citizen participation plan during the development of the annual action plan. A draft annual action plan will be available on the authority’s website for 30 days for public review and comment. The authority will hold a public hearing during the comment period to collect public input on the plan prior to its submittal to HUD.

**23.3(2)** The annual action plan will include the proposed CDBG program funding allocation.

**261—23.4(15) Allocation of funds.** Upon approval by HUD, the authority will allocate CDBG funds among programs or activities described in the state’s most recent annual action plan, which may include but not be limited to the following:

1. Housing assistance.
2. Water and sewer improvements.
3. Community facilities improvements.
4. Opportunities and threats fund.
5. Neighborhood revitalization activities.

**261—23.5(15) Requirements for funding.** Applications for funds under any of the program-allocated funds pursuant to rule 261—23.4(15) shall meet the minimum criteria described in subrules 23.5(1) through 23.5(3).

**23.5(1)** Proposed activities shall be eligible, as authorized by Title I, Section 105, of the Housing and Community Development Act of 1974 as amended and as further defined in 24 CFR Part 570. References in this subrule are to the laws as in effect [effective date of this rulemaking].

**23.5(2)** Proposed activities shall address at least one of the following three objectives:

*a.* Primarily benefit low- and moderate-income persons. To address this objective, 51 percent or more persons benefiting from a proposed activity must have incomes at or below 80 percent of the area median income as defined by HUD.

*b.* Aid in the prevention or elimination of slums and blight. To address this objective, the application must document the extent or seriousness of deterioration in the area to be assisted, showing a clear adverse effect on the well-being of the area or community and illustrating that the proposed activity will alleviate or eliminate the conditions causing the deterioration.

c. Meet an urgent community development need. To address this objective, the applicant must certify that the proposed activity is designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community and that are recent in origin or that recently became urgent, that the applicant is unable to finance the activity without CDBG assistance and that other sources of funding are not available.

**23.5(3)** Applicants shall certify their compliance with federal requirements applicable to the CDBG program.

**261—23.6(15) Award and administration.** The authority may negotiate award amounts, terms and conditions prior to making any award under the program. A management guide detailing the instructions for administration of awards will be updated periodically by the authority and will be available on the authority's website.

These rules are intended to implement Iowa Code section 15.108(1) "a" and 24 CFR Part 570.