Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 45
"Community Catalyst Building Remediation Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.231
State or federal law(s) implemented by the rulemaking: Iowa Code section 15.231

Public Hearing

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

October 21, 2025	1963 Bell Avenue
9:30 to 9:45 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 (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 45 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Community Catalyst Building Remediation Program administered by the Authority pursuant to Iowa Code section 15.231. The program provides grants to cities for the remediation or redevelopment of underutilized buildings.

The updated chapter will be more concise throughout. Language that duplicates statute and language that is duplicated within the chapter will be omitted.

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. The amount of the costs will vary depending on the compensation of staff or service providers.

- **Qualitative description of impact:**

The program supports remediation of underutilized 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 15.231 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 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 45 and adopt the following **new** chapter in lieu thereof:

CHAPTER 45
COMMUNITY CATALYST BUILDING REMEDIATION PROGRAM

261—45.1(15) Definitions. For purposes of this chapter unless the context otherwise requires:

"Agreement" means a contract for financial assistance under the program describing the terms on which the financial assistance is to be provided.

"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 located in a city that is used or intended to be used for:

1. Commercial or industrial purposes;
2. Residential purposes; or
3. Both commercial or industrial and residential purposes.

"Community catalyst" means a building(s) located in an area central to a city's economic development activities that, if remediated, would stimulate additional economic growth or reinvestment in the community, especially private sector financial investment.

"Costs directly related" means expenditures that are incurred for acquisition, deconstruction, disposal, redevelopment, or rehabilitation of a community catalyst to the extent that the expenditures are attributable directly to the remediation or redevelopment of the community catalyst. "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.

"Economic growth" means the creation of additional jobs, growth of new or existing businesses, development of new housing units, increased property values, or potential population growth.

"Emergency project" means the same as defined in Iowa Code section 15.231(2)*"b."*

"Financial assistance" means a grant made by the authority under the program.

"Program" means the community catalyst building remediation program established pursuant to Iowa Code section 15.231 and this chapter.

"Project" means a proposed plan for the remediation of underutilized buildings in a city that is expected to have a significant positive impact on the city. "Project" must include at least one building but no more than two buildings. For two buildings to be considered part of the same project, the buildings must be contiguous and under the same ownership. All community catalyst buildings to be remediated must be included in the proposed plan upon application, and the proposed plan must demonstrate 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 for the purpose of remediating underutilized 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 redevelopment, repair, improvement, rehabilitation, disposal, or deconstruction of at least one but no more than two underutilized buildings at a site included in a project.

"Underutilized building" means a building that is vacant or mostly vacant, is blighted or severely deteriorated, and contains potential safety hazards including structural instability, code noncompliance, vermin infestation, vandalism or potential for vandalism, vagrancy, hazardous materials, or generally unsafe or hazardous conditions. The building may or may not be considered a public nuisance.

261—45.2(15) Program description.

45.2(1) *Amount, form, and timing of assistance.*

a. The amount of financial assistance awarded will be determined by the authority based on the total amount of funds available to the authority for the program and based on the project details. Each applicant shall receive no more than one award of financial assistance per project per fiscal year. The maximum amount of financial assistance per applicant per fiscal year shall not exceed $100,000.

b. The authority shall allocate moneys based on population as prescribed in Iowa Code section 15.231(3).

45.2(2) *Application.*

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

b. Each fiscal year during which funding is available, applications for financial assistance other than applications for emergency projects submitted pursuant to paragraph 45.2(2)*"d"* will only be accepted during the established application period(s) identified by the authority on the authority's website.

c. An application shall not be considered submitted for review until the application is completed and all required supporting documentation and information are provided.

d. Cities that identify an emergency project may submit an application for financial assistance at any time. All applications for financial assistance for emergency projects must meet all other requirements of this program and shall be scored using the same criteria as are applied to other applications.

45.2(3) *Use of funds.* An applicant shall use funds only for reimbursement of the costs directly related to the project. The authority may require documentation or other information establishing the actual costs incurred for a project. Failure to use the funds for reimbursement of the costs directly related to a project shall be grounds for default under the agreement entered into pursuant to this chapter.

261—45.3(15) Program eligibility, application scoring, and funding decisions.

45.3(1) *Program eligibility.* An applicant must meet the following eligibility criteria to qualify for financial assistance under this program:

a. The applicant must be a city. If the project building(s) are owned by an entity other than the city, the city must provide information to the authority regarding ownership and the relationship between the owner and the city.

b. A building that constitutes the project must be an underutilized building and a community catalyst as determined by the authority.

c. The project must include financial or in-kind resources contributed by the city.

d. The applicant must complete the application and provide all other information and documents reasonably required by the authority.

45.3(2) *Application scoring criteria.* Each complete and eligible application will be scored by authority staff using criteria set forth by the authority, which may include the following:

a. Economic impact of the project. The authority will take into account the potential economic growth and investment that is reasonably expected to occur as a result of the project. The applicant must provide information demonstrating that the expected economic impact of the project is reasonable based on existing factors.

b. Local government support. The level and amount of local government support, including financial support, will be considered for each applicant.

c. Readiness. The authority will assess whether the project is well-prepared and ready to begin within a reasonable amount of time.

d. Project plan and timeline. The authority will assess whether the applicant has prepared a detailed project plan and timeline for the execution of the project.

e. Project financing. The authority will assess whether the applicant has secured financing and is financially prepared to complete the project.

45.3(3) *Funding decisions.*

a. Each application and its average numerical score will be referred to the director with a recommendation as to whether to fund the project and, if financial assistance is recommended, a recommendation as to the amount of financial assistance.

b. The director will make the final funding decision on each application, taking into consideration the amount of available funding, the average numerical score of the application, and the recommendations made by authority staff. The director may approve, deny, or defer any application.

c. An application must receive the average minimum score established by the authority to receive funding. A score exceeding the minimum does not guarantee that the applicant will receive financial assistance.

d. Each applicant will be notified in writing of the funding decision.

e. A project that does not receive financial assistance may reapply.

261—45.4(15) Agreement and reporting.

45.4(1) Each applicant that is approved for financial assistance under the program shall enter into an agreement with the authority that specifies the terms on which the financial assistance is to be provided, including the terms described in Iowa Code section 15.231(4) and 15.231(5). The recipient shall execute the agreement before funds are disbursed.

45.4(2) The authority and the applicant may amend the agreement at any time upon the mutual written agreement of both the authority and the applicant.

45.4(3) An applicant that has been approved for financial assistance under the program shall submit information reasonably required by the authority to make reports to the authority's board, the governor's office, or the general assembly.

These rules are intended to implement Iowa Code section 15.231.