Regulatory Analysis

Notice of Intended Action to be published: 265—Chapter 21
"Home and Community-Based Services Revolving Loan Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 16.5(1)"r"

State or federal law(s) implemented by the rulemaking: Iowa Code sections 16.5(1)"f," 16.5(1) "m" and 16.47

Public Hearing

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

October 21, 2025 10:30 to 10:45 a.m.	1963 Bell Avenue Des Moines, Iowa Information about joining the hearing via Microsoft Teams is available at opportunityiowa.gov/about/iowa-finance-authority/ifa-red-tape-review

Public Comment

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

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Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 21 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Home and Community-Based Services Revolving Loan Program. The program provides loans to sponsor organizations that seek to assist in the development and expansion of specific community-based services, respite services, congregate meals, health and wellness, health screening, and nutritional assessments that will allow persons of low income to remain in their homes pursuant to Iowa Code section 16.47.

Analysis of Impact

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

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

Entities that apply for and are approved for loans or grants through the program will bear the costs of the rulemaking.

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

Entities that apply for and are approved for loans will benefit from clarity and streamlining of the rules.

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:**

Entities interested in applying for loans may require staff time to complete an application. Recipients may similarly incur costs to comply with reporting and monitoring requirements. 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 involved.

- **Qualitative description of impact:**

Entities that apply for and are approved for loans will benefit from clarity and streamlining of the rules.

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, administer loans, and communicate with program applicants and recipients.

- **Anticipated effect on State revenues:**

This rulemaking has no fiscal impact. The Authority is authorized to issue bonds for the purposes of the program pursuant to Iowa Code section 16.131. Such bonds issued by the Authority are not debt of the State pursuant to Iowa Code section 16.131(5).

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 less costly methods or less intrusive methods of 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 alternative methods.

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

The Authority did not consider any alternative 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 design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 265—Chapter 21 and adopt the following **new** chapter in lieu thereof:

CHAPTER 21
HOME AND COMMUNITY-BASED SERVICES REVOLVING LOAN PROGRAM

265—21.1(16) Available funds. Any unallocated or recovered funds, 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.

265—21.2(16) Application procedure. Applications for assistance under this program are to be made on forms and in the manner provided by the authority. Inquiries with respect to this program should be made to those persons identified on the authority's website as contacts for this program. Once contacted with an inquiry, the authority will send an application package to the potential applicant. In the event it becomes necessary to amend the application, the authority will post the amended version of the application on its website. The authority will take such applications from time to time and will analyze and award loans to applicants on an ongoing basis.

265—21.3(16) Program guidelines. For-profit and nonprofit sponsors are eligible to apply for assistance under this program based on the following program guidelines:

21.3(1) Projects meeting the following criteria are eligible for assistance:

a. In the case of adult day services:

(1) Set aside 40 percent of the admissions for those with incomes at or below 40 percent of area median income (AMI) for the county in which the property is located;

(2) Establish a service fee that is affordable to those with incomes at or below 40 percent of AMI for the county in which the property is located, or agree to adjust fees based on a person's ability to pay;

(3) Accept third-party reimbursement, including Medicaid 1915(c) waiver(s), and meet the standards set forth in 441—Chapter 77; and

(4) Become and remain certified as an adult day services provider as set forth in 481—Chapters 67 and 70.

b. In the case of respite services:

(1) Provide services to underserved people in the community;

(2) Establish a service fee that is affordable to those with incomes at or below 40 percent of AMI for the county in which the property is located, or agree to adjust fees based on a person's ability to pay;

(3) Accept third-party reimbursement, including Medicaid 1915(c) waiver(s), and meet the standards set forth in 441—Chapter 77; and

(4) Meet all local, state and federal requirements subject to health care limits of the proposed setting.

c. In the case of congregate meals, establish and maintain a contract with the area agency on aging to provide congregate meals under the standards established for such a program under the federal Older Americans Act.

d. In the case of programming space for health and wellness:

(1) Adopt research-based practices to prevent disease and improve overall wellness, resulting in measurable outcomes for participants;

(2) Provide educational opportunities on disease prevention, physical activity, and nutritional choices; and

(3) Establish a service fee that is affordable to those with incomes at or below 40 percent of AMI for the county in which the property is located, or agree to adjust fees based on a person's ability to pay.

e. In the case of programming space for health screening:

(1) Use a licensed health care professional to provide screening and assessment services within the limits of the professional's license;

(2) Provide services to underserved people in the community; and

(3) Establish a service fee that is affordable to those with incomes at or below 40 percent of AMI for the county in which the property is located, or agree to adjust fees based on a person's ability to pay.

f. In the case of programming space for nutritional assessments:

(1) Use a registered dietitian to provide assessment and counseling services;

(2) Establish a service fee that is affordable to those with incomes at or below 40 percent of AMI for the county in which the property is located, or agree to adjust fees based on a person's ability to pay; and

(3) Accept third-party reimbursement for nutritional counseling, including one or both of the following:

1. Medicaid 1915(c) waiver(s) and meet the standards set forth in 441—Chapters 77 and 78;

2. The Older Americans Act, 42 U.S.C. §3001 et seq., and meet the standards set forth in 441—Chapter 228.

g. A demonstrated market need for the project and a good location, both as determined by the authority in its sole discretion.

h. Assistance provided under this program enables the project to maintain financial feasibility and affordability for at least the term of the loan.

i. Maintenance and debt service reserve funds are adequately funded, as determined by the authority in its sole discretion.

j. Comply with all applicable federal, state and local laws and rules related to the specified service or services offered by the sponsor.

21.3(2) The following types of activities are eligible for assistance:

a. Acquisition and rehabilitation.

b. New construction.

c. Rehabilitation to expand a current program.

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

21.3(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 $1,000,000. The maximum loan term and amortization period are each 20 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; provided, however, that in limited cases the authority may consider a subordinate mortgage when the first mortgage is held by another entity.

e. Recipients of assistance must agree to observe several covenants and restrictions, including but not limited to recorded affordability and transfer restrictions, all in accordance with such loan and mortgage documents as may be required by the authority under this program.

f. Recipients shall 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.

21.3(4) Loan fees.

a. Loan fees are as follows:

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

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

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

(4) Application fee – 0.3 percent of total loan amount requested, payable with the submission of loan application.

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.

c. The authority will refund to the borrower one-half of the permanent loan commitment fee if the borrower's loan is paid off within five years of the closing of the loan.

265—21.4(16) Authority analysis of applications. Authority staff, in cooperation with the department of inspections, appeals, and licensing or the division of aging and disability services within the Iowa department of health and human services (or both, as necessary), will analyze and underwrite each potential project and will make recommendations for funding assistance to the board of the authority. 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 may vary from project to project. The authority will make available its general operating procedures and guidelines for this program.

265—21.5(16) Discretion of authority board. The authority board of directors has the sole and final discretion to award or not award assistance and to approve final loan terms.

265—21.6(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 section 16.47.