CHAPTER 22
NUISANCE PROPERTY AND ABANDONED BUILDING REMEDIATION ASSISTANCE

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—22.1(15) Authority and purpose. The authority is directed, pursuant to Iowa Code section 15.338, as enacted by 2015 Iowa Acts, chapter 136, section 48, to establish a fund to provide financial assistance to cities for purposes of assisting with the remediation of nuisance properties and abandoned buildings and other structures and to do so in such a manner as to make funds annually available to cities. In order to ensure that funds are continually available, the authority will administer the fund as a revolving fund.
[**ARC 2420C**, IAB 3/2/16, effective 4/6/16]

261—22.2(15) Definitions. For purposes of this chapter unless the context otherwise requires:

"Abandoned building" or *"abandonment"* means a building that meets either of the following:

1. In the case of a building located within a city's limits, a building that has remained vacant and has been in violation of the housing code or building code of the city for a period of six consecutive months.
2. In the case of a building located outside a city's limits, a building that has remained vacant and has been in violation of the housing code or building code applicable in the county in which the building is located for a period of six consecutive months.

"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, or outside the limits of a city in a county, that is either:

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

"Building" includes structures in which some floors may be used for retail stores, shops, salesrooms, markets, or similar commercial uses, or for offices, banks, civic administration activities, professional services, or similar business or civic uses, and other floors are used, designed, or intended to be used for 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 housing 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.

"Low- or moderate-income household" means a household earning 80 percent or less of the applicable area median income, as determined by the U.S. Department of Housing and Urban Development.

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

"Program" means the procedures, agreement, terms, and assistance established and provided pursuant to this chapter.

"Project" means a proposed plan for the remediation or redevelopment of nuisance and abandoned properties in a city. "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 a building that is a menace to the public health, welfare, or safety, or that is structurally unsafe, unsanitary, or not provided with adequate safe egress, or that constitutes a fire hazard, or is otherwise dangerous to human life, or that in relation to the existing use constitutes a hazard to the public health, welfare, or safety by reason of inadequate maintenance, dilapidation, obsolescence, or abandonment. "Public nuisance" 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 or abandoned properties, 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.

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261—22.3(15) Program description.

22.3(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.

22.3(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 may be obtained by contacting the economic development authority. The contact information is:

Iowa Economic Development Authority
Community Development Division
200 East Grand Avenue, Des Moines, Iowa 50309
(515)725-3000
http://iowaeconomicdevelopment.com/

22.3(3) *Approval of assistance.* The authority will consider, evaluate, and recommend applications for financial assistance under the program to the director. Authority staff will review applications for financial assistance and score the applications according to the criteria described in rule 261—22.4(15). Recommendations on funding amounts will depend upon the amount of funds available, the quality of the project applying, and the number and quality of the other applications received. Applications deemed to meet the minimum scoring criteria will be submitted to the director for a final funding decision. A project that does not receive funding may reapply.

22.3(4) *Contract required.* If the director approves an application for financial assistance under the program, the authority will prepare an agreement stating the terms on which the financial assistance is to be provided, and the applicant shall execute the agreement before funds are disbursed under the program.

22.3(5) *Use of funds.*

a. An applicant shall use funds only for purposes 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 purposes of the costs directly related to a project shall be grounds for default under the agreement required 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—22.5(15) will include a provision implementing this requirement.

22.3(6) *Form of financial assistance.* The authority will provide financial assistance in the form of a loan to the applicant. The amount of the loan, the term, the interest rate, any repayment requirements, and other standard terms shall be included in the contract required pursuant to rule 261—22.5(15).
[**ARC 2420C**, IAB 3/2/16, effective 4/6/16]

261—22.4(15) Program eligibility, application scoring, and funding decisions.

22.4(1) *Program eligibility.* To be eligible under the program, an applicant shall meet all of the following requirements:

a. The applicant shall be a city interested in developing a plan to address issues of slum and blight through the remediation or redevelopment of nuisance properties and abandoned buildings.

b. The applicant shall be willing to work with the authority's community development division in the development of the plan described in paragraph 22.4(1)*"a."*

c. The applicant may request an amount of financial assistance in its application, but shall be willing to accept financial assistance in whatever amount and on whatever terms the authority is able to offer, subject to the availability of funds and the prevailing interest rates at the time of application.

d. The applicant shall have closed all existing contracts under the program before it is eligible to apply for additional financial assistance. The authority may waive this requirement at its discretion for good cause shown. The authority will not waive this requirement if doing so would adversely impact other applicants.

e. The applicant shall submit any information the authority requests in order to evaluate and score the application under the criteria described in this rule.

22.4(2) *Application scoring criteria.* All applications for financial assistance under the program will be scored according to the following criteria:

a. The financial need of the city. 20 points.

For purposes of this criterion, the authority will consider the relative size of the city's budget, the relative scope of the city's problem with nuisance properties and abandoned buildings, and the debt capacity of the city.

b. The extent to which the city suffers from severe blighted areas, including the number of nuisance properties and abandoned buildings in a city relative to its size and the extent to which the successful remediation or redevelopment of the properties included in the project plan will reduce or eliminate such blight. 20 points.

For purposes of this criterion, the authority will consider whether the project plan includes areas meeting standard definitions of blight such as in Iowa Code section 403.17 or other state or federal programs. Cities demonstrating more severe blight will receive more points relative to other applicants with less severe blight.

c. The extent to which a city suffers from widespread dilapidated housing stock and the extent to which the successful remediation or redevelopment of the properties included in the project plan will reduce or eliminate such dilapidated housing stock. 20 points.

Cities demonstrating more dilapidated housing stock will receive more points relative to other applicants with less dilapidated housing stock.

d. The extent to which the city has the organizational strength, financial resources, human resources, and community participation necessary to successfully undertake the remediation or redevelopment described in the project plan. 20 points.

e. The number and percentage of low- and moderate-income households in the community. 20 points.

For purposes of this criterion, the authority will consider U.S. Census Bureau data or data collected from a communitywide income survey that meets the requirements of the state's community development block grant program. Cities demonstrating a higher percentage of low- and moderate-income households will receive more points relative to other applicants with lower percentages.

22.4(3) *Funding decisions.* Each application will be scored by staff in the community development division. The scores assigned by all participating staff will be averaged to reflect one numerical score. The application and the averaged numerical score will be referred to the director with a recommended funding decision. 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 the community development division staff. The director may approve, deny, or defer funding for any application. The director will not approve funding for an application that receives an average score less than 50 points. A score greater than 50 points does not guarantee that the applicant will receive funding. Each applicant will be notified in writing of the funding decision within 60 days of application unless extenuating circumstances exist.

[**ARC 2420C**, IAB 3/2/16, effective 4/6/16]

261—22.5(15) Contract required.

22.5(1) Each applicant that is approved for financial assistance under the program shall enter into an agreement with the authority as evidenced by an executed contract. The contract will establish the terms on which the financial assistance is to be provided and may include any other terms reasonably necessary for the efficient administration of the program. The authority will develop a standard contract for use in the program, though the contract shall be subject to amendment from time to time as may be necessary to clarify the rights of the parties or to serve the best interests of the state.

22.5(2) The parties may amend the contract required pursuant to this rule at any time upon the mutual agreement of both parties.

22.5(3) The contract developed pursuant to this rule may require the successful applicant to submit information reasonably required by the authority to make reports to the authority's board, the governor's office, or the general assembly.

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These rules are intended to implement Iowa Code section 15.338.

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