

## Red Tape Review Rule Report (Due: September 1, 2025)

<b>Department Name:</b>	IEDA	<b>Date:</b>	10/24/2024	<b>Total Rule Count:</b>	6
<b>IAC #:</b>	261	<b>Chapter/ SubChapter/ Rule(s):</b>	Chapter 26	<b>Iowa Code Section Authorizing Rule:</b>	403.22
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**PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE**

**What is the intended benefit of the rule?**

To describe the authority's procedures for considering variance requests for the low to moderate income set aside required for TIF financed residential developments.

**Is the benefit being achieved? Please provide evidence.**

Yes, the authority is able to review requests for variances as described in Iowa Code section 403.22.

**What are the costs incurred by the public to comply with the rule?**

Local governments that wish to request a variance may incur costs associated with drafting the application and providing additional information, if additional information is needed.

**What are the costs to the agency or any other agency to implement/enforce the rule?**

Authority staff time is required to review requests for variances, to seek additional information if needed, and to draft approval or denial of the variance request.

**Do the costs justify the benefits achieved? Please explain.**

No additional costs are imposed by the rules chapter beyond the authority's statutory obligations described in Iowa Code section 403.22.

**Are there less restrictive alternatives to accomplish the benefit?  YES  NO**

**If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.**

No less restrictive alternatives were identified.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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Yes, this chapter contains language that duplicates statutory language and includes unnecessary language, as further described below.

**26.1 Goals and objectives:** Contains unnecessary language.

**26.2 Definitions:** Duplicates statutory language and contains other unnecessary language.

**26.3 Requirements for benefit to low and moderate income families:** Duplicates statutory language.

**26.4 Ability to request a variance:** Duplicates statutory language.

**26.5. Variance request procedure:** Contains duplicative and unnecessary words.

**26.6 Criteria for review:** Contains unnecessary words and does not adequately describe variance review criteria.

**RULES PROPOSED FOR REPEAL (list rule number[s]):**

IEDA proposes rescinding the rules below for the reasons stated above.

**26.3**

**26.4**

**RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):**

## CHAPTER 26

### VARIANCE PROCEDURES FOR TAX INCREMENT FINANCING (TIF) HOUSING PROJECTS

**261—26.1(403) Purpose.** These rules implement Iowa Code section 403.22. The economic development authority is given the responsibility to rule on requests for variances in the percentage of low- and moderate-income benefit required in certain tax increment financing (TIF) district for residential development, as prescribed in the law. These rules establish procedures and criteria for variance requests.

**261—26.2(403) Definitions.**

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

*Housing project”* means a project in an urban renewal area established solely upon findings under Iowa Code section 403.2(3) that is primarily intended to support housing activities. These may include, but are not limited to, the following: public streets and utilities, site preparation, housing rehabilitation, real property acquisition, new housing construction, and conversion of existing structures into housing units.

*“Low- and moderate-income families (LMI)”* means the same as defined in Iowa Codes section 403.17.

*“Municipality”* means the same as defined in Iowa Code section 403.17.

**261—26.3(403) Variance request procedure.**

**26.3(1)** A municipality may request a variance at any time.

**26.3(2)** Requests for a variance shall be submitted on forms prescribed by the authority. The authority may request additional information from the municipality as part of the application review. Application information will be available on the authority’s website.

**26.3(3)** The authority may modify the request to maximize the level of benefit to low-and moderate-income families, while preserving the financial feasibility of the TIF-supported housing project.

**26.3(4)** The authority will notify municipalities of its decision in writing. If the request is approved, the authority will indicate the level of the variance and the conditions for compliance with the variance. If the request is denied, authority will state its reasons for the denial.

**261—26.4(403) Criteria for review.** The authority will review the application on the following criteria:

1. Financial feasibility of the housing project with and without a variance of the low and moderate income benefit percentage.
2. Percentage of low and moderate income families in the community at the time of application as determined by the latest United States Department of Housing and Urban Development, Section 8 income guidelines
3. Plan to utilize funds for housing activities benefitting low and moderate income families.
4. Other factors that may impact the project’s need for a variance, as determined by the authority.

These rules are intended to implement Iowa Code section 403.22.

***\*For rules being re-promulgated with changes, you may attach a document with suggested changes.***

**METRICS**

<b>Total number of rules repealed:</b>	<b>2</b>
<b>Proposed word count reduction after repeal and/or re-promulgation</b>	<b>610</b>
<b>Proposed number of restrictive terms eliminated after repeal and/or re-promulgation</b>	<b>12</b>

**ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?**

Yes. Remove IEDA from the TIF variance process or revise low to moderate benefit requirement and eliminate the variance process.