

Red Tape Review Rule Report (Due: September 1, 2024)

Department Name:	IFA	Date:	2/26/24	Total Rule Count:	7
IAC #:	265	Chapter/ SubChapter/ Rule(s):	Chapter # 11	Iowa Code Section Authorizing Rule:	16.5(1)(r) and 16.51
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of the chapter is to describe the policies and procedures applicable to the Main Street Loan Program. The program provided financing to facilitate upper floor housing, infill development projects and commercial properties situated in the downtown area of communities participating in the Iowa Main Street program administered by the Iowa Economic Development Authority.

Is the benefit being achieved? Please provide evidence.

Yes. The program issued loans through November 12, 2019. Some loans are still being repaid.

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

A loan fee of 1 percent of the loan amount was assessed at closing. The fee is no longer applicable since no new loans are being issued. Interest on loans is also assessed.

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

IFA staff time is required to administer outstanding loans.

Do the costs justify the benefits achieved? Please explain.

Yes. The program served its purpose of incenting downtown development. Costs of continued administration for both recipients and IFA are minimal.

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.

The administrative requirements of the rules are no more than necessary to implement the program.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language?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. Only the portions of the chapter relating to ongoing administration of outstanding loans are necessary.

Rules 265.11.1, 265.11.2, 265.11.3 are unnecessary and should be eliminated.

Rule 265.11.4 should be renumbered as 265.11.1. Unnecessary definitions can be eliminated from the rule. A new definition of authority should be added for clarity.

Rule 265.11.5 relating to applications for loans can be eliminated.

Rule 265.11.6 should be renumbered as 265.11.2. The rule should be updated to be more concise.

Rule 265.11.7 should be renumbered as 265.11.3. The rule should be updated to eliminate the criteria for evaluating loans. Only the portions of the rule relating to ongoing administration of outstanding loans are necessary.

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

261.11.1
261.11.2
261.11.3
261.11.5

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

CHAPTER 11
IOWA MAIN STREET LOAN PROGRAM

265—11.1(16) Definitions. As used in connection with the Iowa main street loan program, the following terms have the meanings indicated.

“*Authority*” means the Iowa finance authority created in Iowa Code section 16.1A.

“*Commercial property*” means property formerly or currently used primarily for business, retail, governmental or professional purposes.

“*Downtown area*” means the business area of a community that is centrally located within the community within the context of the Iowa main street program.

“*Housing*” means housing as defined in Iowa Code section 16.1(14).

“*Infill development*” means new construction on a vacant commercial lot currently held as open space.

“*Participating city*” means a city participating in the Iowa main street program.

“*Upper floor housing*” means any housing that is attached to or contained in the same building as commercial property, whether located on the ground floor behind the traditional storefront or on other floors of the property.

265—11.2(16) Public benefit. Projects are approved for an Iowa main street loan if they demonstrate one of the following public benefits:

1. Rehabilitation of upper floor housing or commercial properties or new construction development on infill vacant lots

located in the downtown area of a participating city;

2. Housing in downtown areas located in a participating city; or
3. Stimulation of downtown area economic development within the context of historic preservation of the downtown area in a participating city.

265—11.3(16) Loan terms.

11.3(1) Amount of loans. The principal amount of each loan is between \$50,000 and \$250,000.

11.3(2) Term of loan. Loans are amortized over not more than 30 years; the actual term of the loan is determined by the authority depending on the economic feasibility of the project.

11.3(3) Interest rate. Interest is charged on the loan at a rate related to the authority's cost of funds for the loan term as determined and announced by the authority from time to time.

11.3(4) Loan fee. The authority may charge a fee in the amount of 1 percent of the initial loan amount at closing.

These rules are intended to implement Iowa Code sections 16.5(1)(r) and 16.51.

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

METRICS

Total number of rules repealed:	4
Proposed word count reduction after repeal and/or re-promulgation	835
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	23

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

No.