

Red Tape Review Rule Report

(Due: September 1, 2025)

Department Name:	IEDA	Date:	8/25/25	Total Rule Count:	11
IAC #:	261	Chapter/ SubChapter/ Rule(s):	Chapter 48	Iowa Code Section Authorizing Rule:	15.351 through 15.356
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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 chapter 48 is to describe the policies and procedures applicable to the workforce housing tax incentive program available pursuant to Iowa Code chapter 15, subchapter II, part 17. The program supports the development of housing projects that are targeted at middle-income households.

Is the benefit being achieved? Please provide evidence.

Yes. The authority is able to effectively award tax incentives and administer the program.

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

Entities interested in applying for tax incentives may require staff time to complete an application. Entities that receive tax incentives may similarly incur costs to comply with reporting and monitoring requirements of the program. Some applicants and recipients 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.

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

IEDA staff time is required to review and prepare applications for approval, issue tax credit certificates and refund notices, review reports, and communicate with program applicants and recipients.

Do the costs justify the benefits achieved? Please explain.

Yes. Only entities that will potentially benefit from the program incur any costs. The costs to the state to administer the program are proportional to the activities incented.

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 application and administrative requirements of the rules are no more than necessary to implement the purposes of 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Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language?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.

Rule 48.1 is unnecessary and can be rescinded.

Rule 48.2 should be updated to eliminate language that duplicates statute and unnecessary definitions.

Rule 48.3 is unnecessary and primarily duplicates statute. The rule can be rescinded.

Rule 48.4 should be updated to eliminate language that duplicates statute and outdated language that specifies the applicability of program changes.

Rule 48.5 should be updated to eliminate language that duplicates statute. A deadline for execution of a program contract should be specified. A requirement that a housing business provide a statement of all funding sources upon project completion should be added. The applicable CPA attestation should be updated.

Rule 48.6 should be updated to eliminate language that duplicates statute and to incorporate reference to tax credit limitations specified in Iowa Code section 15.354(4) as amended by 2025 Iowa Acts, Senate File 657.

Rule 48.7 contains outdated references to Iowa Code section 15.119, which was amended by 2025 Iowa Acts, Senate File 657 so that the program is no longer referenced in the section. The rule should be rescinded.

Rule 48.8 can be rescinded and the language regarding the application process can be clarified in rule 48.5.

Rules 48.9 through 48.13 relating to disaster recovery housing projects and tax incentives largely duplicate rules 48.2 through 48.8. Similar updates should be made to these rules and redundant language should be reduced. Rules 48.12 and 49.13 can be rescinded.

Rules throughout the chapter should be renumbered due to the elimination of other rules.

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

48.1
48.8

48.12

49.13

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

CHAPTER 48
WORKFORCE HOUSING TAX INCENTIVES PROGRAM

261—48.1(15) Definitions. As used in this chapter, unless the context otherwise requires:

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

“*Average dwelling unit cost*” means the costs directly related to the housing project divided by the total number of dwelling units in the housing project.

“*Board*” means the members of the economic development authority appointed by the governor and in whom the powers of the authority are vested pursuant to Iowa Code section 15.105.

“*Costs directly related*” means expenditures that are incurred for construction of a housing project to the extent that they are attributable directly to the improvement of the property or its structures. “Costs directly related” includes expenditures for site preparation work, surveying, construction materials, construction labor, architectural services, and engineering services. “Costs directly related” does not include expenditures for property acquisition, building permits, building inspection fees, furnishings, appliances, accounting services, legal services, loan origination and other financing costs including interest on construction loans, 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.

“*Disaster recovery housing project*” means the same as defined in Iowa Code section 15.354(6).

“*Grayfield site*” means the same as defined in Iowa Code section 15.352.

“*Greenfield site*” means the same as defined in Iowa Code section 15.352.

“*Housing business*” means the same as defined in Iowa Code section 15.352.

“*Housing project*” the same as defined in Iowa Code section 15.352.

“*New dwelling units*” means dwelling units that are made available for occupancy in a community as a result of a housing project and that were not available for occupancy as residential housing in the community for a period of at least six months prior to the date on which application is made to the authority for tax incentives. If a dwelling unit has served as residential housing and been occupied during the six months preceding the date on which application is made to the authority for tax incentives, then the dwelling unit shall be presumed not to be a new dwelling unit.

“*Program*” means the workforce housing tax incentives program administered pursuant to Iowa Code chapter 15, subchapter II, part 17 and this chapter.

“*Tax credit certificate*” means a certificate issued by the authority stating the amount of workforce housing investment tax credits pursuant to Iowa Code section 15.355(3) that an eligible housing business may claim.

261—48.2(15) Housing project requirements.

48.2(1) Eligible project types. To receive workforce housing tax incentives pursuant to the program, a proposed housing project shall meet all of the requirements in Iowa Code section 15.353.

a. For the purposes of identifying eligible project types pursuant to Iowa Code section 15.353, “Rehabilitation, repair, or redevelopment” means construction or development activities associated with a housing project that are undertaken for the purpose of reusing or repurposing existing buildings or structures as new dwelling units. Rehabilitation, repair, or redevelopment does not include new construction of dwelling units at a greenfield site. Rehabilitation, repair, or redevelopment includes new structures at a qualified grayfield site.

b. For the purposes of identifying eligible project types pursuant to Iowa Code section 15.353, factors the authority may consider to determine whether a dwelling unit should be classified as a single family dwelling unit include, but are not limited to, the following:

- (1) Whether a unit is separated from other units by a ground-to-roof wall;
- (2) Whether the unit has a separate heating system;
- (3) Whether the unit has an individual meter for public utilities; and
- (4) Whether the unit has other units above or below.

c. A housing project is not eligible for the program if it is located in a 100-year floodplain.

48.2(2) Maximum cost. The average dwelling unit cost for a housing project shall not exceed the maximum amount established by the board pursuant to Iowa Code section 15.353(3) “a” or, if applicable, the maximum amount established pursuant to Iowa Code section 15.353(3) “b”.

48.2(3) Violations of law. A housing project may be ineligible for the program due to a record of violations of the law pursuant to Iowa Code section 15.354(1) “b” (2) as amended by 2025 Iowa Acts, Senate File 657.

261—48.3(15) Housing project application and agreement.

48.3(1) Application. Information about applying for tax incentives will be available on the authority’s website. A housing

business shall apply for tax incentives in the form and content specified by the authority. The application will include all the information described in described in Iowa Code 15.354(1).

48.3(2) *Application review and approval.*

a. All completed applications shall be reviewed and scored pursuant to Iowa Code section 15.354(2), as amended by 2025 Iowa Acts, Senate File 657. Review criteria include but are not limited to project need, project readiness, financial capacity, and project impact.

b. The director will approve tax incentive awards after considering the recommendations of staff. The director may approve, defer or deny an application.

48.3(3) *Agreement and fees.*

a. A housing business that has been approved for tax incentives shall execute and return the agreement required by Iowa Code section 15.354(3) within 90 days of transmittal. Failure to do so may be cause for the director to terminate the award.

b. The compliance cost fees imposed in Iowa Code section 15.354(3) “b” as amended by 2025 Iowa Acts, Senate File 657 shall apply to all agreements entered into for this program.

c. The agreement entered pursuant to Iowa Code section 15.354(3) may only be amended if done so in writing and signed by the housing business and the authority. Examples of situations requiring an amendment include, but are not limited to, time extensions, budget revisions, and significant alterations of the housing project.

d. Upon completion of a housing project, a housing business shall submit all of the information and documentation required by Iowa Code section 15.354(3) “d” to the authority along with a statement of all funding sources utilized for the project including government financing. The attestation applicable to the examination required by Iowa Code section 15.354(3) “d” is SSAE No. 10 (as amended by SSAE Nos. 11, 12, 14), AT section 101 and AT section 601 or other comparable attestations as identified by the authority. The procedures used by the CPA to conduct the examination should allow the CPA to conclude that, in the CPA’s professional judgment, the expenditures claimed are eligible pursuant to the agreement; Iowa Code chapter 15, subchapter II, part 17; and all rules adopted pursuant to Iowa Code chapter 15, subchapter II, part 17, in all material respects. Within ten business days of a request by the authority, the housing business shall make available to the authority the documents reviewed by the CPA unless good cause is shown.

261—48.4(15) Workforce housing tax incentives.

48.4(1) *Eligibility.* A housing business that has entered into an agreement pursuant to rule 261—48.3(15) is eligible to receive the sales tax refund and income tax credit described in Iowa Code section 15.355. Tax incentives may be claimed pursuant to Iowa Code section 15.355 and any applicable rules adopted by the department of revenue.

48.4(2) *Transfer.* Tax credit certificates may be transferred to any person pursuant to Iowa Code section 15.355 and the applicable rules adopted by the department of revenue. However, tax credit certificate amounts of less than \$1,000 shall not be transferable.

48.4(3) *Tax credit limitations.* The tax credit limitations specified in Iowa Code section 15.354(4) as amended by 2025 Iowa Acts, Senate File 657 shall apply.

DISASTER RECOVERY HOUSING PROGRAM

261—48.5(15) Disaster recovery housing project requirements. To receive disaster recovery housing tax incentives pursuant to the program, a proposed disaster recovery housing project shall meet all of the same requirements for other housing projects in rule 261—48.2.

261—48.6(15) Disaster recovery housing project application and agreement.

48.6(1) *Application.* Information about applying for disaster recovery tax incentives will be available on the authority’s website. A housing business shall apply for tax incentives in the form and content specified by the authority. The application will include all the information described in described in Iowa Code 15.354(1). If tax credits for disaster recovery housing projects are available, the authority may establish a disaster recovery application period following the declaration of a major disaster by the President of the United States for a county in Iowa.

48.6(2) *Application review and approval.*

a. All completed applications shall be reviewed and scored pursuant to Iowa Code section 15.354(2) as amended by 2025 Iowa Acts, Senate File 657. Review criteria include but are not limited to project need, project readiness, financial capacity, and project impact.

b. The director will approve tax incentive awards after considering the recommendations of staff. The director may approve, defer or deny an application.

48.6(3) Agreement and fees.

a. A housing business that has been approved for disaster recovery tax incentives shall execute and return the agreement required by Iowa Code section 15.354(3) within 90 days of transmittal. Failure to do so may be cause for the director to terminate the award.

b. The compliance cost fees imposed in Iowa Code section 15.354(3) “b” as amended by 2025 Iowa Acts, Senate File 657 shall apply to all agreements entered into for this program.

c. The agreement entered pursuant to Iowa Code section 15.354(3) may only be amended if done so in writing and signed by the housing business and the authority. Examples of situations requiring an amendment include, but are not limited to, time extensions, budget revisions, and significant alterations of the housing project.

d. Upon completion of a disaster recovery housing project, a housing business shall submit all information and documentation required by Iowa Code section 15.354(3) “d” to the authority along with a statement of all funding sources utilized for the project including government financing. The attestation applicable to the examination required by Iowa Code section 15.354(3) “d” is as described in paragraph 48.3(3) “c”.

261—48.7(15) Disaster recovery housing tax incentives.

48.7(1) Eligibility. A housing business that has entered into an agreement pursuant to rule 261—48.6(15) is eligible to receive the sales tax refund and income tax credit described in Iowa Code section 15.355. Tax incentives may be claimed pursuant to Iowa Code section 15.355 and any applicable rules adopted by the department of revenue.

48.7(2) Transfer. Tax credit certificates may be transferred to any person pursuant Iowa Code section 15.355 and the applicable rules adopted by the department of revenue. However, tax credit certificate amounts of less than \$1,000 shall not be transferable.

48.7(3) Tax credit limitations. The tax credit limitations specified in Iowa Code section 15.354(4) as amended by 2025 Iowa Acts, Senate File 657, or that may otherwise be specified for disaster recovery housing projects, shall apply.

These rules are intended to implement Iowa Code chapter 15, subchapter II, part 17.

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

METRICS

Total number of rules repealed:	7
Proposed word count reduction after repeal and/or re-promulgation	4808
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	79

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

No.