

Workforce Housing Tax Incentive Program overview

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Agenda for Today

- » Program overview
- » How to apply
- » Application timeline
- » Post award/ Resources
- » Q & A

Workforce Housing Tax Incentive program

- » State tax credit program provides tax benefits to developers to provide housing in Iowa communities, focusing especially on those projects using abandoned, empty, or dilapidated properties
- » \$35 million allocation for FY 2023. Allocation is split equally between two program components:
 - Urban= Projects in communities in the 11 most populated counties
 - Small Cities= Project in communities in the 88 least populated counties and *communities in larger counties meeting certain criteria (NEW)*

Workforce Housing Tax Incentive program

11 most populated counties *(Based on 2020 Census)*

Polk

Linn

Scott

Johnson

Black Hawk

Woodbury

Dallas

Dubuque

Story

Pottawattamie

Warren

Workforce Housing Tax Incentive program

» Small City is defined as:

- Community in the 88 least populated counties OR
- (*NEW*) Community within the 11 most populated counties that meet the following criteria:
 1. Has a population of 2500 or less, based on census data
 2. Had a population growth of less than 30% as determined by comparing population growth from the most recent decennial census to the census 10 years prior (growth from 2010 to 2020)

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» Projects must meet one of four criteria:

- Housing development located on a grayfield or brownfield site

See definitions of brownfield and grayfield sites:

[03-23-2022.261.48.pdf \(iowa.gov\)](#)

- Repair or rehabilitation of dilapidated housing stock
- Upper story housing development
- New construction in a greenfield (previously undeveloped property- Small Cities only)

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» Project Requirements

- Developer must construct or rehabilitate a minimum of:
 - Four (4) single family units (2 if Small City)
 - One (1) multi family unit containing at least three (3) units
 - Two (2) upper story units

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» Project requirements

- Workforce Housing projects must meet per unit cost caps.
- Per unit cost is determined by taking “costs directly related to” the project divided by the total number of units in the project.
- “Costs directly related to” is defined in rule as follows:

“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

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» Project requirements

- Previously, the per unit cost cap has been set in Iowa Code.
- SF 2325 now allows IEDA to set the per unit cost cap on annual basis. (likely spring) [SF2325.pdf \(iowa.gov\)](#)
- IEDA board to approve per unit cost caps based on historical program data and information from the US Census Bureau's building permits survey.
- IEDA board to set a per unit cost caps based on location/ activity.

Workforce Housing Tax Incentive program

» Project requirements

- IEDA board to set cost caps for:
 1. Single family units in an urban community
 2. Single family units in a Small City
 3. Multi family units in an urban community
 4. Multi family units in a Small City.

- Legislation requires that the board “*primarily consider the most recent annual United States Census Bureau building permits survey and historical program data.*”

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» Per unit cost caps, as approved by the IEDA board on 4/22/22:

Single family unit in urban area	\$266,320 per unit
Single family unit in small city	\$266,320 per unit
Multi family unit in an urban area	\$218,022 per unit
Single family unit in a small city	\$218,022 per unit

Historic preservation projects may not exceed 125% of the maximum per unit cost established based on project type and location

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» Project requirements

- Projects must be completed within 3 years from the award date. Completed= certificate of occupancy has been issued
- Projects must include local match. Local match must equal at least \$1,000 per unit included in the project.
- Match must be in the form of cash or cash equivalent
- Match may be in the form of tax abatement/exemption, rebates, refunds or reimbursements
- Match must be documented. Value of the match must be included in the documentation

Workforce Housing Tax Incentive program

- » Projects located in the 100-year flood plain are not eligible under the Workforce Housing Tax Incentive program.
- » For FY 2023, projects receiving Low Income Housing Tax Credits (4% or 9%) will not be funded under the Workforce Housing Tax Incentive program.

Workforce Housing Tax Incentive program

» If awarded, developers can receive the following tax incentives:

- Refund of state sales and use taxes directly related to the project (construction materials)
- A state tax income tax credit of 10% or 20% (if Small City) of the qualifying project investment. Calculated on the first \$150k of per unit cost. (*Maximum of \$15k or \$30k per unit*)
- Qualifying investment includes items included as “Costs directly related to..” as defined in rule.
- Maximum award for a project is \$1 million

Workforce Housing Tax Incentive program

» Qualifying investment does not include:

- The portion of the total cost of a housing project that is financed by federal, state, or local government incentives/assistance that do not require repayment
- Any project costs incurred before the award date
- Project costs associated with space other than residential (multi use projects)
- Transactions that are not arms length. (payments to related entities)

Application process

- » FY 2023 applications are open now. Applications submitted through [IowaGrants](#)
- » You will need to register for an [lowagrants.gov](#) account to complete the application
- » Registration instructions are on the [lowagrants](#) homepage
- » Application will be listed under “Grant Opportunities”

Application process

 [Log In](#)

Welcome to IowaGrants.gov

Iowa's Funding Opportunity Search and Grant Management System

FUNDING OPPORTUNITIES OFFERED BY IOWA STATE AGENCIES

[Grant Opportunities](#)
[Loan Opportunities](#)
[Bids/Purchases](#)
[Licenses/Permits](#)

You do not need to register for Search access.

ELECTRONIC GRANT MANAGEMENT SYSTEM

Iowa Grants.gov allows you to electronically apply for and manage grants received by the state of Iowa. Persons accessing the system for this purpose are required to register.

[Returning Users Sign In Here](#)

[New Users Register Here](#)

[\(Registration Instructions\)](#)

Application process

- » Applications are scored and ranked on a competitive basis.
- » IEDA anticipates high demand; expect to allocate entire \$35 million allocation
- » Minimal changes from last year's application forms

Application review timeline

- » Applications will be accepted until 11:59:59 PM on **July 1, 2022**
- » IEDA staff to complete scoring applications and meet to discuss scores and pending applications
- » Final award recommendations, based on scores, will be taken for review and approval by the IEDA Director.
- » Awards should be announced by mid- September

Next steps

- » Developers that receive an award will receive an award letter confirming the award amount.
- » Recipients will enter into a contract with IEDA.
- » Documentation collected at end of the contract to confirm project is completed and all program requirements are met.
- » Tax credit certificates are issued at project close out.

Resources

- » [Workforce Housing Tax Credit | Iowa Economic Development Authority \(iowaeda.com\)](https://www.iowaeda.com/workforce-housing-tax-credit)

- » Under “How to Apply”-
 - » Slides/ recording from 3/31/22 Application Workshop
 - » Application manual- instructions for applying
 - » Program administrative rules

- » Under “Resources”-
 - » Application review/ scoring criteria

Thank you for your time!

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