

**Iowa Department of Economic Development  
Variance Request Tax Increment Financing (TIF)**

<b>Office Use</b>	
Request #:	_____
Date Received:	_____
Variance Decision:	_____ %
Date of Decision:	_____

**Application**

The Iowa Department of Economic Development (IDED) 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) districts for residential development in Iowa. Cities or counties seeking a variance should complete and submit this request form to the IDED.

The task of the department is to analyze the proposed project and the variance request to determine the level of benefit to low and moderate income families the TIF-supported housing project can support. Therefore, the department may modify the level of variance requested in order to maximize low and moderate income benefit.

References Attached: 1) 1996 Amendments to Iowa’s Urban Renewal Law, Senate File 2464, Section 24 “Financing Public Improvements Related to Low Income Housing and Residential Development; 2) Administrative Rule - Chapter 26 (Variance Procedures for Tax Increment Financing Housing Projects); and 3) 2000 Census Low-Mod Data by County.

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**Section 1. General Information**

1.1 Eligible Applicant (incorporated city or county requesting the variance):

\_\_\_\_\_  
1.2 Contact Name (city or county employee knowledgeable of the project):

_____	
Name	Title
_____	
Address	
_____	
City	
_____	
Zip Code	
_____	
Phone #	Fax #

1.3 Bond counsel representing the municipality for the proposed project. (Note: Please ask the city or county bond counsel to review the application before submitting it to IDED.)

_____		
Name	Firm	Phone #
_____		
Fax #		

1.4 Who will underwrite the bonds? \_\_\_\_\_

1.5 Current population in city requesting variance: \_\_\_\_\_ (2000 census)

**Section 2 - Variance Request**

2.1 Current LMI population (%) in the county (refer to attached HUD tables): \_\_\_\_\_ %

2.2 Variance requested by municipality: \_\_\_\_\_ % benefit to LMI population

2.3 How does the municipality propose to design the project to benefit the LMI population? (Ex. Affordable lots within or outside the project, down payment assistance, etc. Note that affordable lots located outside the project must be part of the TIF financed project). What entity will administer the LMI component of the program? Please note that in-kind contributions and other on-going LMI projects (not associated with the TIF project) do not count towards meeting the LMI requirement.

**"TIF" Variance Worksheet**

**Project Information:**

Tax Levy Applied to TIF Area (Minus Debt Service Levies)  
 Applicable Tax Rollback for this Project (Most Current)  
 Actual County LMI Percentage  
 Projected Average Single-Family Home Value in the Project  
 (Home and Lot)  
 Projected Average Unit Value for Other Types of Housing in the Project  
 Number of Lots to be Developed  
 Projected Market Value of Developed Lots  
 Average Taxable Value of Undeveloped Lots


**Debt Information:**

Interest Rate on Debt for the Project  
 Term for the Debt on the Project  
 Transaction Costs for Debt on the Project


**Repayment Terms (Briefly discuss the repayment schedule for the debt on this project)**

**Complete the Following Table for the Proposed Project**

(Assume "Year 1" is the year the debt is incurred for the project)

Year of TIF Project	Houses Built/Year	Other Housing Built/Year	Lots Sold/Year	TIF Revenue	Revenue from Lot Sales	Total TIF Revenue
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
<b>Totals</b>						

**Section 3 - Narrative**

3.1 List all entities involved in the project. (Ex. City, developer, etc.)

3.2 Describe the project. Please provide the following information in narrative or bullet-point form (use an additional page if necessary). Attach supporting documentation labeled 3.2.A as needed (maps, etc.).

1) Name and location of proposed subdivision (include plat maps or equivalent showing location within the community);

2) number of lots to be developed, size of the lots,

3) value of unimproved lots, market price of the lots when developed,

4) total project development cost,

5) projected average home value within the housing project area; and

6) other relevant information regarding the proposed project.

3.3 Explain the need for the variance (at the variance level requested in Section 2.2) on the low and moderate benefit percentage. Provide as much financial detail as possible on total development costs including financing terms, whether the city requested an extended term, lot absorption rates, and other relevant market conditions to support your request. Also discuss market prices and absorption rates of comparable lots in your market area. Attach supporting documentation labeled 3.3.A as needed.

**Section 5 - Comments**

5.1 Attach copies of comments solicited and/or received from parties affected by the variance. (Ex. copies of citizen comments documented in city council proceedings).

**Section 6 - Signature**

The City or County of \_\_\_\_\_ formally requests a variance under the terms outlined in Section 2.0. Furthermore, I attest to the accuracy of the statements contained within this variance request.

\_\_\_\_\_ Date: \_\_\_\_\_  
Signature of person with legal authority to represent the Eligible Applicant

\_\_\_\_\_  
Type name and position of the above person

=====  
Return an original plus two copies of this completed form to: Lane Palmer, IDED, 200 East Grand Ave., Des Moines, IA 50309.

Questions? Call Lane Palmer at 515/242-4837, or Hank Manning at 515/242-4836, or Michael Farley at 515/242-4853

**Chapter 26 - DRAFT**  
**Variance Procedures for Tax Increment Financing (TIF) Housing Projects**

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**261--26.1(76GA,SF2464) Goals and objectives.** This rule implements 1996 Iowa Acts, Senate File 2464, Section 24 “Financing Public Improvements Related to Low Income Housing and Residential Development.” The Iowa department of economic development 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) districts for residential development, as prescribed in the law. These rules establish procedures and criteria for variances so that the highest possible level of benefit to low and moderate income families will be achieved while ensuring the financial feasibility of the project.

**261--26.2(76GA,SF2464) Definitions.** “Department” means the Iowa department of economic development. “Eligible applicant” means any county or incorporated city within the state of Iowa.

“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 those families earning no more than 80 percent of the median family income of the county as determined by the latest United States department of housing and urban development, Section 8 income guidelines. This includes single person households.

“Tax increment financing district” means an area in an urban renewal area that the municipality has established by ordinance in an urban renewal area established solely upon findings under Iowa Code Section 403.2(3) and has designated by ordinance that taxes levied on taxable property in that area each year by or for the benefit of the state, city, county, school district or other taxing district, shall be divided as provided for in section 403.19, Iowa Code.

“TIF-generated financial support” means the portion of the cost of a housing project which is financed from TIF revenues.

**261--26.3(76GA,SF2464) Requirements for benefit to low and moderate income families.** A municipality is required to assure that a TIF supported housing project will provide for housing assistance for low and moderate income families. Absent a variance, the amount of assistance to be provided is as follows:

- a. In municipalities with a population over fifteen thousand, the amount to be provided for low and moderate income family housing by TIF-supported housing projects shall be either equal to or greater than the percentage of low and moderate income residents in the county in which the urban renewal area is located times the TIF-generated financial support for the housing project within the urban renewal area. However, the amount of benefit shall not be less than the amount equal to ten percent of the TIF-generated financial support.
- b. In municipalities with a population of fifteen thousand or less, the amount to be provided for low and moderate income family housing shall be the same as for municipalities in rule 26.3(a) except that municipalities of fifteen thousand or less shall not be subject to the minimum low and moderate income benefit level of ten percent of the original project cost.
- c. The percentage of low and moderate income persons in a county is provided by the U.S. department of housing and urban development using the most currently available U.S. Census information.

**261-26.4(76GA,SF2464) Ability to request a variance.** A municipality may request a variance in the low and moderate income benefit required (excluding the ten percent minimum established in rule 26.3(a)) from the department of economic development when the required low and moderate income benefit will make the TIF supported housing project financially infeasible. The municipality must prepare a plan for the provision of assistance to low and moderate income families that provides the proposed alternate level of low and moderate income benefit. The plan shall be adopted by the municipality and approved by the department.

**261--26.5(76GA,SF2464) Variance request procedure.**

- a. A municipality may request a variance at any time.
- b. Requests for a variance shall be submitted on forms prescribed by the department. Requests for the necessary forms may be submitted in writing to: Bureau of Community Financing, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, IA 50309. Information and forms may be received by calling the department at 515/242-4825.

(Variance Procedures - continued)

- c. Department staff will review requests for variance on a case by case basis.
- d. Each request will be reviewed according to the criteria listed in rule 261--26.7.
- e. The department may modify the request in order to maximize the level of benefit to low and moderate income families, while preserving the financial feasibility of the TIF-supported housing project.
- f. The department will issue a decision in a letter to the applicant. If the request is approved, the letter will provide the level of the variance and the conditions for compliance with the variance. If the request is denied, the letter will state reasons for the denial.
- g. All requests for variances and related IDED file material are available for public inspection. Names of applicants will also be provided to the public upon request.

**261--26.7(76GA,SF2464) Criteria for review.** A municipality must submit the following information and other information as may be required on forms developed by the department:

- a. Narrative. A description of the project and explanation of the need for the variance on low and moderate benefit percentage.
- b. Total tax levy applied to TIF area, minus debt service levies.
- c. Current tax rollback percentage.
- d. Total project development cost.
- e. Number of lots to be sold.
- f. Projected average home value within the housing project area.
- g. Value of unimproved lots.
- h. Proposed debt structure, including interest rate, term of debt, transaction costs, repayment terms.
- i. Projected revenue from a project by year, including amount from tax increment, sale of lots, development fees and other sources.
- j. Projected sale of lots by year.
- k. Projected number of homes completed by year.
- l. Use of 5-year extension, if available.
- m. Comments solicited and/or received from parties affected by the variance.
- n. Proposed amount of funds and activities to benefit housing needs of LMI persons.



## 2007 County-wide Low-to-Moderate Income Data

COUNTYNAME	LMI%
Adair County Total	39.2%
Adams County Total	45.6%
Allamakee County Total	43.2%
Appanoose County Total	50.9%
Audubon County Total	45.2%
Benton County Total	36.5%
Black Hawk County Total	42.0%
Boone County Total	36.9%
Bremer County Total	37.9%
Buchanan County Total	38.4%
Buena Vista County Total	42.4%
Butler County Total	37.8%
Calhoun County Total	41.4%
Carroll County Total	39.3%
Cass County Total	41.8%
Cedar County Total	34.2%
Cerro Gordo County Total	40.0%
Cherokee County Total	38.3%
Chickasaw County Total	35.8%
Clarke County Total	43.7%
Clay County Total	38.4%
Clayton County Total	42.8%
Clinton County Total	39.3%
Crawford County Total	43.0%
Dallas County Total	38.4%
Davis County Total	45.2%
Decatur County Total	52.4%
Delaware County Total	39.1%
Des Moines County Total	38.4%
Dickinson County Total	37.0%
Dubuque County Total	38.1%
Emmet County Total	41.7%
Fayette County Total	44.6%
Floyd County Total	41.7%
Franklin County Total	39.4%
Fremont County Total	39.0%
Greene County Total	42.9%
Grundy County Total	33.2%
Guthrie County Total	39.3%
Hamilton County Total	36.8%
Hancock County Total	33.7%
Hardin County Total	39.1%
Harrison County Total	37.2%
Henry County Total	37.4%
Howard County Total	40.5%
Humboldt County Total	38.8%
Ida County Total	38.3%
Iowa County Total	35.4%
Jackson County Total	41.7%
Jasper County Total	36.5%
Jefferson County Total	42.1%

<b>Johnson County Total</b>	47.0%
<b>Jones County Total</b>	37.0%
<b>Keokuk County Total</b>	43.8%
<b>Kossuth County Total</b>	41.2%
<b>Lee County Total</b>	38.5%
<b>Linn County Total</b>	38.3%
<b>Louisa County Total</b>	39.9%
<b>Lucas County Total</b>	47.2%
<b>Lyon County Total</b>	37.9%
<b>Madison County Total</b>	37.4%
<b>Mahaska County Total</b>	37.8%
<b>Marion County Total</b>	36.7%
<b>Marshall County Total</b>	40.0%
<b>Mills County Total</b>	37.2%
<b>Mitchell County Total</b>	41.8%
<b>Monona County Total</b>	41.8%
<b>Monroe County Total</b>	39.8%
<b>Montgomery County Total</b>	44.1%
<b>Muscatine County Total</b>	38.3%
<b>O'Brien County Total</b>	37.5%
<b>Osceola County Total</b>	41.2%
<b>Page County Total</b>	39.6%
<b>Palo Alto County Total</b>	43.0%
<b>Plymouth County Total</b>	38.1%
<b>Pocahontas County Total</b>	41.2%
<b>Polk County Total</b>	39.7%
<b>Pottawattamie County Total</b>	47.7%
<b>Poweshiek County Total</b>	37.2%
<b>Ringgold County Total</b>	53.2%
<b>Sac County Total</b>	43.0%
<b>Scott County Total</b>	38.3%
<b>Shelby County Total</b>	37.4%
<b>Sioux County Total</b>	34.6%
<b>Story County Total</b>	43.9%
<b>Tama County Total</b>	38.4%
<b>Taylor County Total</b>	46.6%
<b>Union County Total</b>	43.0%
<b>Van Buren County Total</b>	49.4%
<b>Wapello County Total</b>	44.8%
<b>Warren County Total</b>	36.6%
<b>Washington County Total</b>	35.4%
<b>Wayne County Total</b>	50.6%
<b>Webster County Total</b>	40.0%
<b>Winnebago County Total</b>	36.4%
<b>Winneshiek County Total</b>	36.7%
<b>Woodbury County Total</b>	39.9%
<b>Worth County Total</b>	38.5%
<b>Wright County Total</b>	37.7%
<b>Grand Total</b>	40.1%