

Iowa Workforce Housing Tax Incentive Program

Application Workshop

May 3, 2021

Agenda for Today

- » Welcome & program overview
- » 2021 application round
- » Application process & timeframe
- » Review criteria for award
- » Post award activities/ next steps
- » Q & A

Workforce Housing Tax Credit program

- » Program provides tax benefits to developers to provide housing in Iowa communities, focusing especially on those projects using abandoned, empty, or dilapidated properties.
- » \$25 million in current annual allocation split into two components:
 - Regular-communities in the 11 most populated counties
 - Small City set-aside- projects within communities in least 88 populated counties

Workforce Housing Tax Incentive Program

» 11 most populated counties

- Polk
- Linn
- Scott
- Johnson
- Black Hawk
- Woodbury
- Dubuque
- Story
- Pottawattamie
- Dallas
- Warren

* *Based on most recent Census estimates*

Workforce Housing Tax Credit program

- » \$25 million in current allocation:
 - Regular- \$10 million allocation
 - “Small City set-aside”- \$15 million allocation

- » Annual allocation may be increased based on pending legislation. Unsure at this time if legislation will be passed this session.

- » IEDA can communicate final amount of credits available for this application round after legislative session.

Workforce Housing Tax Incentive program

» Projects must meet one of four criteria:

- Housing development located on a grayfield or brownfield site
 - See definitions of brownfield and grayfield sites-
<https://www.legis.iowa.gov/docs/iac/chapter/08-12-2020.261.48.pdf>
- Repair or rehabilitation of dilapidated housing stock
- Upper story housing development
- New construction in a greenfield (Only communities with demonstrated workforce housing needs OR a project qualifying under the Small Cities set aside)
 - [48.4\(2\) Distressed workforce housing community designations](#)

Workforce Housing Tax Incentive program

- » Under the regular program, projects taking place on a greenfield site are eligible only in communities designated by IEDA as Distressed Workforce Housing Communities
- » Greenfield site is “*a site that does not meet the definition of a brownfield site or grayfield site. A project proposed at a site located on previously undeveloped or agricultural land shall be presumed to be a greenfield site*”

Workforce Housing Tax Incentive program

- » Communities must apply to IEDA for this designation. Application for designation must be submitted and approved before approval of a project in a greenfield site.
- » Application for Distressed Workforce Community designation must be prepared by a 3rd party and must include the information listed here:

[48.4\(2\) Distressed workforce housing community designations](#)

Workforce Housing Tax Incentive program

» 10 factors to be included in the application or designation:

- *Vacancy rates*
- *Building permits*
- *Homeowner unit sales*
- *Length of sales time*
- *Vacancy rental rates*
- *Average time to rent a unit*
- *Average housing costs*
- *Unemployment rates*
- *Laborshed wages*
- *Housing needs assessment information*

Workforce Housing Tax Incentive program

- » If approved, designation is good for one year
- » Communities can continue to reapply for designation
- » If you plan to apply for a project located on a greenfield site, IEDA encourages you to work with the community to submit an application for designation as soon as possible.
- » The good news- Much of the information you may need to provide can be found here:
<https://www.westernes.com/iowa/>

Workforce Housing Tax Incentive program

- » The Iowa Profile is an interactive dashboard housed by the Iowa Finance authority
- » Provides information on housing needs in Iowa communities/counties
- » Provides about 90% of information typically provided in a housing needs assessment
- » Can download an assessment for all communities.

Workforce Housing Tax Incentive

Dashboard Controls

Select the Areas You Wish to Examine:

Select Area 1
 County
 City
 Region
 State

Select Area 2
 County
 City
 Region
 State

Adair County | State of Iowa

Download | **Download**

Select the Concepts You Wish to Examine:

Adair County
 State of Iowa

Demographics
Population

Economics
Unemployment Rate

Housing
Single Family Permits

Share Your Thoughts on Housing Needs In the NEW Digital Housing Needs Assessment [Click Here!](#)

Welcome to the Iowa Interactive Dashboard

Program Description

2020 Profile of Iowa

The Profile of Iowa, sponsored by the Iowa Finance Authority, is undertaken annually to continue improving, enhancing, expanding, and making more readily available information about homeownership and rental housing needs in the State. The objective is to continually provide current, high-quality, relevant information about factors that influence the development, production, use, rehabilitation, and need for housing and housing services in Iowa's local communities.

Volume II represents a county-by-county analysis, identifying pertinent statistics for all of Iowa's 99 counties. It is a large report, and as such is released as a three-volume report.

Volume III examines 28 cities in the state. It represents a summary analysis of demographic, economic, and housing statistics, as well as population, rental vacancy data and housing production and cost information.

In addition there are 51 separate regional reports, highlighting Local Housing Trust Funds, Council of Governments as well as seven geographically defined regions. Custom regions can be created by selecting "Custom Region" under the regional dropdown.

All historical reports can be found under the "Reports" tab.

Regional Definitions can be found here: [ICOG](#) and [LHTE](#).

Instructions

Volume I | Volume II: Chap I | Volume II: Chap II | Volume II: Chap III | Volume II: Chap IV | Volume III

Workforce Housing Tax Incentive Program

» Project Requirements

- Developer must build or rehabilitate a minimum of:
 - Four (4) single family homes (Small cities may include 2 units)
 - One (1) multi-family building containing at least three (3) units
 - Two (2) upper story units

- Total project costs may not exceed
 - \$200,000 per unit for new construction OR
 - \$215,000 per unit if project fall under Small Cities set aside OR
 - \$250,000 per unit for historic rehabilitation projects- 404.1(8)"a"

**Pending legislation could allow for an increase in these per unit caps, but unsure if this change will be approved.*

Workforce Housing Tax Incentive program

- » Per unit costs is calculated by dividing the “costs directly related to” by the number of units in the project.
- » “Costs directly related to” includes *property acquisition, site preparation work, surveying, construction materials, construction labor, architectural services, engineering services, building permits, building inspection fees, and interest accrued on a construction loan during the time period allowed for project completion under an agreement entered into pursuant to the program*
- » Per unit figure is calculated automatically in the application based on the project budget.

Workforce Housing Tax Incentive program

- » Project must be completed within 3 years of award.
- » Projects must include local match. Minimum local match is \$1,000 per unit in the project.
- » Match must be cash or cash equivalent
 - Documented and dollar figure identified
- » Match may be in the form of property tax exemption, rebates, refunds or reimbursement.

Workforce Housing Tax Incentives

» If awarded, developers may receive:

- A state income tax credit of up to 20% (small city) or 10% (Regular) of the first \$150k per unit cost
- Maximum award of \$1 million per project
- Tax credits are transferable and/ or may be carried forward for 5 years
- Refund of sales and use taxes directly related to the project (construction materials)

Workforce Housing Tax Incentives (continued)

- Eligible costs “Qualifying new investment” include “costs directly related” as defined in the [administrative rules](#)
 - Qualifying new 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
 - Proportional cost of acquisition for use other than residential
 - Any costs, including acquisition costs, incurred before the housing project is approved by the authority.
 - Arm’s Length Transactions Only

Application process

- » Submitted via [lowagrants](#)
 - Registration required

- » Application Deadline of July 19th at 11:59PM

- » Minimal Changes to last year's application
 - Last year was first competitive round
 - Scored and competitively ranked
 - Projects awarded based on ranking until allocation exhausted
 - Readiness and Need

2021 Application

- » Applicant information
 - Who incurred the cost
- » Local official
- » Local sponsor
 - Can be same as official
- » Project information
 - Name
 - Location
 - Type
 - Description

2021 Application

» Budget

- Residential portion only
- “Costs Directly Related”

» Funding Sources

- Upfront funds only
- How will the project be paid?
- Government originated source will reduce eligible costs on which the tax credit is calculated. This is done automatically in the lowagrants system based on the project budget.

2021 Application

1. Project Need 1-5
2. Project Readiness 1-5
3. Project Financing 1-5
4. Local Support/Partnerships 1-5
5. Economic Growth (Case for Economic Need) 1-5
6. Developer Capacity 1-3
7. Infill project- 0-2
8. Rehabilitation project- 0-2

Maximum of 32 Points Available

Project Need

Demonstrate local need based quantitative housing stock

- » Vacancy Rate- Use Iowa Profile information for the community

<https://www.westernes.com/iowa/>

- » Housing Needs Assessment- Refer to Iowa Profile or local assessment if available
- » Does the project address the needs identified?

Project Readiness

» Site Control

- Does the applicant have site control at time of application? Ownership or option
- Must be documented

» Is infrastructure available at the project site?

» Are architectural plans complete and available?

» What is the project start date?

Financing

5 points - 100% of financing is committed and documented

4 points - 90-99% of financing is committed and documented

3 points - 80-89% of financing is committed and documented

2 points - 70-79% of financing is committed and documented

1 point - Less than 70% of financing is committed and documented

“Committed” means financing is documented in writing through a commitment letter, executed agreement or through proof of equity available and unencumbered (i.e. letter from 3rd party bank and/or CPA). A term sheet is not considered a financing commitment.

Local Support/ Economic Barrier

- » Provide a brief description of any partnerships beyond the local match (ie. Businesses, community groups, etc.)
 - Financial and/or supportive
 - Must be documented

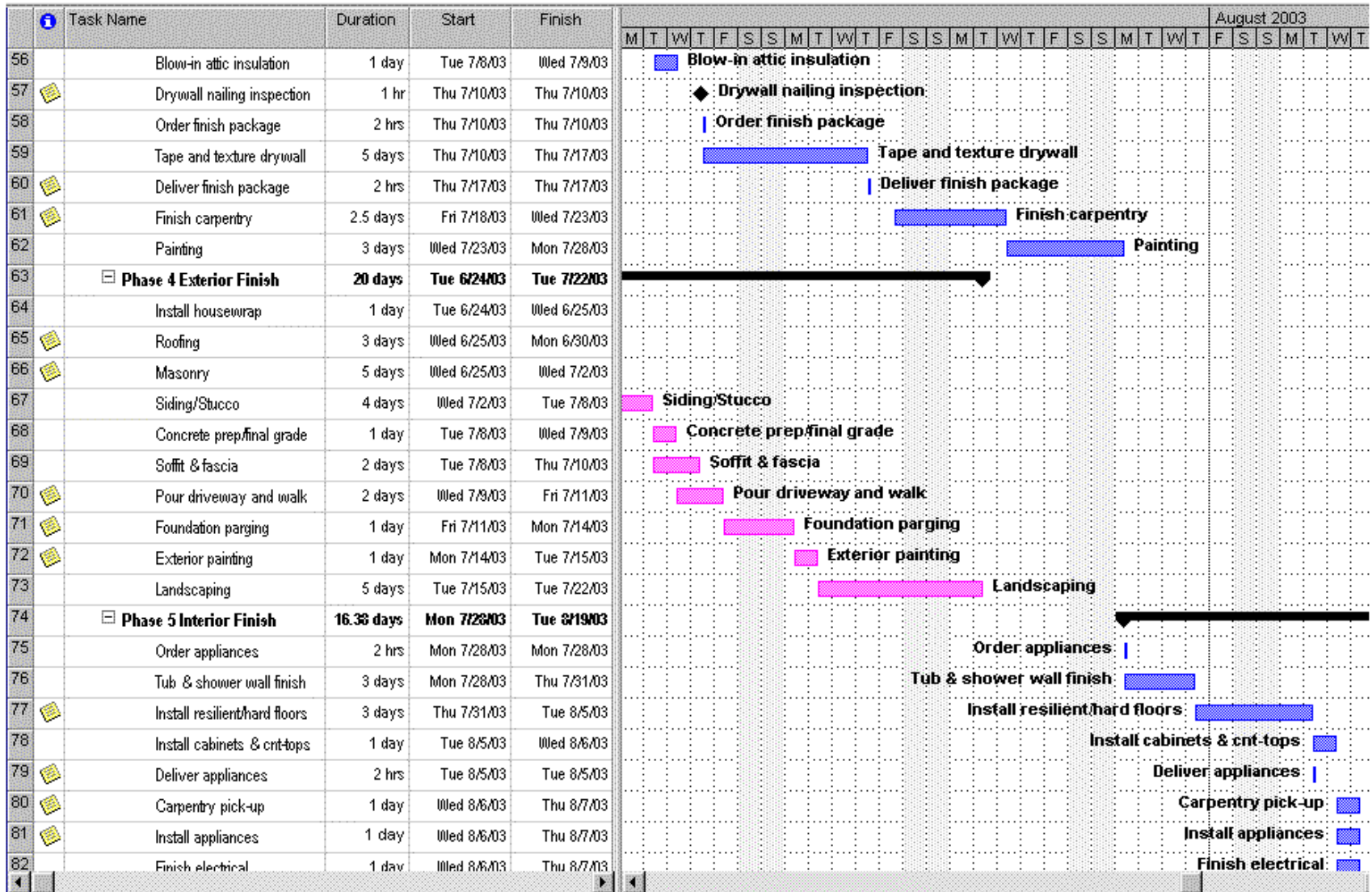
- » Population Growth

- » Is housing a barrier to economic development expansions?
 - Documented via letters from local businesses/ economic development groups
 - More is better

Developer Capacity

- » Has the developer completed a Workforce Housing project in the past or one substantially similar?
 - Provide Grant number
 - Documented proof of completion (certificate of occupancy)

- » Will project be completed within three years of the application?
 - Gantt style timeline to document



Application reminders

- » Please ensure applications are correct and complete before submitting.
- » Once submitted, applications may not be corrected.
- » IEDA may ask for clarification on submitted information; please respond to requests in a timely manner.
 - » Only criteria where documents have been submitted will have clarification requested. If no documentation or information is provided, the application will be scored as is.

Application review timeline

- » Applications for registration accepted until 11:59:59 PM on July 19.
- » IEDA will score applications and meet to discuss scores and pending applications
 - » Multiple reviewers per project
- » Final award recommendations, based on scores, will be taken for review and approval by the IEDA Director.
- » Awards to be announced late August/ early September

Application review

- » IEDA will contact applicants via email if their project is awarded. Applicants that are not awarded credits will receive a decline letter from IEDA.
 - » Please ensure email addresses are accurate!
- » IEDA will issue a press release announcing all awarded projects (will be sent to media and available on IEDA website)

Next steps

- » Projects that are awarded should receive an award letter from IEDA within 14 days of award announcement
- » Projects should receive a contract from IEDA within 30 days of award announcements
- » Review/Sign documents and return as directed.

Next steps

- » Awarded projects will be managed through lowagrants.gov.
 - » Changes to the application ie. Number of units, entity changes will be submitted via “Contract Amendments”
- » IEDA close out documentation and other project related documents will be submitted through this account.
- » Application, award letter, contract and correspondence maintained in this system.

Questions?

Thank you for your time!

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