

Workforce Housing Tax Incentive program overview

The Workforce Housing Tax Incentive program (WHTIP) is a state tax credit program designed to encourage the development of housing across Iowa. The program emphasizes projects utilizing abandoned or vacant buildings.

Housing developers receiving an award under this program are eligible to receive a state investment tax credit as well as a refund of sales, service and use taxes paid under the program. The amount of the investment tax credit is based on a percentage of the investment directly related to the construction or rehabilitation of housing.

Tax credits are issued at the end of the project, upon project completion. Tax credits are transferrable, and credits may be carried forward for 5 years.

FY 2023 allocation

For FY 2023, the program has an allocation of \$35 million in tax credits.

\$17.5 million is set aside for projects taking place in communities designated as a Small City. For purposes of this program, a Small City is a community located in the 88 least populous counties and a community within the 11 most populous counties that meet the following criteria:

- Has a population of 2500 or less, based on census data
- 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)

The remaining \$17.5 million in available credits is available to projects located in all other communities within Iowa's 11 most populated counties.

Program requirement- Housing type and number of units

To be eligible for tax credits under this program, housing projects must meet one of the following criteria:

1. Housing development on a brownfield or grayfield site
2. Repair or rehabilitation of dilapidated housing stock
3. Upper story housing development
4. New housing construction in a greenfield (Small cities only)

Definitions for "brownfield", "grayfield" and "greenfield" can be found here, under section 48.3:
[03-09-2022.261.48.pdf \(iowa.gov\)](https://www.iowa.gov/sites/default/files/2022-03/03-09-2022.261.48.pdf)

Both single family and multi family housing are eligible under the program.

Projects must include a minimum number of housing units. The minimum number of units varies based on the type of housing units being created and if the project is located in a Small City.

The table below outlines the requirements for each activity:

	Minimum # of units to be created	Minimum # of units to be created- If Small City
Single family	4	2
Multi-family	3	3
Upper story housing	2	2

Program requirement- Per unit cost cap

To ensure units incented under this program are workforce housing, units must meet a per unit cost cap. The cost cap is determined by using the costs directly related to the housing project divided by the number of housing units.

The IEDA board must approve a per unit cost cap for units completed under the program. The board sets cost caps based on type of project and location: single family units in a small city, single family units in an urban area, multi-family units in a small city and multi-family units in an urban area.

The IEDA board is required to primarily consider the most recent annual United States Census Bureau building permits survey and historical program data when setting the per unit cost cap.

At the April 22, 2022 IEDA board meeting, the board established the following per unit cost caps for the FY 2023 application round:

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

Program requirement- Local match

Projects must include a local financial match. Match may be provided by the community in which the project will be located. Local match must be in the form of cash or a cash equivalent or in the form of property tax abatement, rebate, refund or reimbursement.

The amount of local match must equal at least \$1,000 per housing unit being created.

Ineligible projects

Projects located in the 100-year flood plain are not eligible under the Workforce Housing Tax Incentive program.

Projects receiving Low Income Housing Tax Credits (4% or 9% credits) will not be funded under the Workforce Housing Tax Incentive program.

Tax credit award amounts

Project receiving an award are eligible to receive the following tax benefits:

- State income tax credit of up to 10% or 20% of the first \$150k per unit cost (20% credit if project is located in a small city)
- Refund of sales, service and use taxes directly related to the project

Costs directly related to the project include 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

Project costs paid by federal, state and local government incentives that do not require repayment are not included as qualifying investment. These incentives may reduce the amount of Workforce Housing tax credits available to a project.

The maximum tax credit award under the Workforce Housing Tax Credit program is \$1 million (including both sales tax refund and investment tax credit).

iowagrants.gov registration & access

Workforce Housing Tax Incentive applications are submitted online through www.iowagrants.gov. To start or submit an application, you must have an account through iowagrants.gov.

To establish an account, please visit the website and click on “New Users Register Here.” Registration instructions will follow. Once your account is established, you will receive an email.

Welcome to IowaGrants.gov

Iowa's Funding Opportunity Search and Grant Management System

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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.

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(Registration Instructions)

The program application can be accessed through the lowagrants.gov home page, under “Funding Opportunities Offered by Iowa State Agencies.” Click on “Grant Opportunities,” and you will see “Workforce Housing Tax Incentive Program” listed under the title. Click on the program you wish to apply through to start the application.

If you have questions or have issues with your lowagrants.gov account or experience technical issues, you may contact Don Dursky at IEDA at don.dursky@iowaeda.com or 515.348.6210.

General Application Requirements & Policies

The following policies apply to all Workforce Housing Tax Incentive applications:

- Incomplete applications will not be reviewed- Applications that are missing required information and attachments will not be reviewed or scored. IEDA staff will inform applicants why an application was not scored.
- No corrections to applications may be made after submittal- Once an application is submitted for review, applicants will not be able to amend or correct information in the application. It is imperative that applicants review all information and ensure all required attachments are included with an application before the application is submitted for review. IEDA may however request clarifying information during its review, to supplement what has already been submitted to IEDA. This may include allowing applicants to upload supplemental information in lowagrants.gov up on request from IEDA.
- IEDA reserves the right to negotiate award amounts with applicants- Awards may be less than the amount requested in the application. If IEDA is considering making an award at a lesser

amount, IEDA staff will contact the applicant to discuss before any final funding decision is made.

Completing the Workforce Housing Tax Incentive application

The Workforce Housing Tax Credit information includes 4 sections for applicants to complete:

1. General information- This section includes all contact information for the application & project. Please use the fields and drop downs in this section to provide contact information and congressional district information.

Congressional district information provided should be based on the location of the housing project.

2. Project information- This section includes information on the housing project. Several questions have drop downs that should be used to answer questions. Applicants should complete narrative sections completely and concisely. Documents related to the project, including letters of support, are uploaded into this section.

3. Budget- This section collects information on the project costs and funding sources. Applicants should enter all project expenses and project funding sources, and identify the status of each project funding source (applied for, pending, or committed).

Only up front/ cash funding sources should be entered into this section.

Applicants should upload all project financing documentation this section. Financing documentation can include loan agreements and commitment letters. Letters of interest and/ or term sheets provided by lenders that do not indicate a financial commitment will not be considered as a financial commitment.

Developer cash and/or equity must be documented by a third party, such as a CPA or a bank. The documentation should state the amount of funds the developer plans to invest into the project and state that these funds are available and unencumbered.

As costs and financing sources are entered, the system will automatically generate an estimated amount of assistance available under the program. This is for applicant information only and may vary from the amount of incentives actually provided under the program.

4. Required attachments- Applicants should upload all requested documents listed in this section. Incomplete applications will not be reviewed by IEDA. Required attachments include:

- Resolution of local support for the project
- Documentation of local financial support for the project
- Map of the proposed project within the community
- Documentation of site control of the property/ Statement on when site control will be obtained
- Construction timeline

NOTE: Additional instructions for completing the Workforce Housing Tax Incentive application can be found in presentation materials from the 3/31/2022 application workshop. Those materials can be found on the IEDA website here: [Workforce Housing Tax Credit | Iowa Economic Development Authority \(iowaeda.com\)](https://iowaeda.com/Workforce-Housing-Tax-Credit-Iowa-Economic-Development-Authority) (See “How Do I Apply?”)

Scoring / Evaluation criteria

Workforce Housing Tax Incentive applications are reviewed and scored based on the criteria included in the application review form included in this manual.

The review/ scoring form can also be found on the IEDA website at: [whtip-review-scoring-sheet2022.pdf \(iowaeda.com\)](https://iowaeda.com/whtip-review-scoring-sheet2022.pdf)

Application deadline

FY 2023 applications will be due at **11:59 PM on July 1, 2022**.

The lowagrants.gov system will not accept applications after this date/time.

Award decisions & timing

The Community Investments Team makes funding recommendations to the IEDA Director. Recommendations are based on application scoring. Final award approval is provided by the IEDA Director.

IEDA anticipates announcing awards in September 2022. However, depending on the number of applications received, awards may be announced at a late date.

Program Contacts

For questions regarding the Workforce Housing Tax Incentive application process, please email whtip@iowaeda.com.

You may also contact the following IEDA team members:

Richard Bell	Tax Credit Program Manager	richard.bell@iowaeda.com	515.348.6212
Nichole Hansen	Community Investments Team Leader	nichole.hansen@iowaeda.com	515.348.6215

Workforce Housing Tax Incentive application review & scoring form

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Form Creator

WHTIP - 5/2020 [Preview Component](#)

Program Area: Workforce Housing Tax Credits
Module: Review
Form Type: Standard

Is the project located in a Small City, as defined in the Workforce Housing Tax Incentive program administrative rules?

Is the project located in a 100-year flood plain?

What eligible category does the project fall under?

When completed and available for occupancy, will the units meet the US Department of Housing and Urban Development housing quality standards and all applicable safety standards?

Which of the following activities does the project include?

Does the project include matching funds equal to at least \$1000 per unit?

Is the local match in cash or a cash equivalent or local property tax exemption or rebate?

What is the form of local match from the City?

Are other local organizations and/or employers involved in the project?

Is the project a model for innovative partnerships that can be replicated in other communities?

Local support/ local partnerships

This section is worth 1 - 5 Points.

What is the level of local financial support for the project?

Local support/partnership score:

Project Readiness

This section is worth 1 - 5 Points

Does the developer have site control of the property at the time of application?

Is infrastructure available at the property?

Are architectural plans for the project completed?

What is the project start date?

Project Readiness Score:

Developer capacity

This section is worth 1 - 3 Points.

Has the developer applied for and completed a Workforce Housing Tax Credit project OR a similar project?

Does the construction schedule indicate that the project can be completed within 3 years of award?

Developer Capacity score:

Economic growth/ economic case for housing

This section is worth 1 - 5 Points

Has the community's population increased in the last 10 years?

Does the community have a current housing needs assessment identifying housing needs in the community? (Current= completed within the last 5 years)

Does the project address the needs identified in the housing needs assessment?

Project Scoring

Project Need

This section is worth 1 - 5 Points

What is the community's current vacancy rate?

Project Need Score:

Has the community recently experienced a local industry expansion resulting in job growth?

Does the application document that housing is a barrier to job growth in the community? (through letters, etc. from local employers)

Are there local expansions/ projects planned that will create

an additional need for housing?
Economic growth/
economic case for housing score:

Does the average dwelling unit cost, as calculated in the application, fall within the following applicable cost cap for the project?

Project Financing

This section is worth 1 - 5 Points.

NOTE: "Committed" means financing is documented in writing through a commitment letter, executed agreement or through proof of equity available and encumbered (i.e. letter from a bank). A term sheet is not considered a financing commitment.

- 5 points - 100% of financing is committed and documented with the application
- 4 points - 90-99% of financing is committed and documented with the application
- 3 points - 80-89% of financing is committed and documented with the application
- 2 points - 70-79% of financing is committed and documented with the application
- 1 point - Less than 70% of financing is committed and documented with the application

Project Financing Score

Documentation of all committed funding to the project, including local match

Map of the proposed project within the community

Documentation of site control of the property OR documentation/statement of when the developer will have site control

Gantt construction timeline showing the project can be completed within 3 years from the award date

Questions for applicant on application:

General comments for reviewer on application:

Project Type

The next two questions are worth 2 Points each.

- 2 Points - Yes
- 0 Point - No

Is the project infill development? Yes No

Is the project a rehabilitation project (vs. new construction)? Yes No

The next question is worth 3 Points maximum.

- 3 Points - Yes
- 0 Point - No

Does the project include renovation of a former vacant school building? Yes No