

Historic Tax Credit Part 2B Registration

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Tax Credit Programs Manager

Historic Preservation Tax Credit Program

- » Program provides tax incentives to developers for the redevelopment & rehabilitation of historic properties in Iowa
- » IEDA administers program in partnership with the State Historic Preservation Office (SHPO)
 - With SHPO joining IEDA, email addresses and phone numbers have changed
- » May be used for residential, commercial or mixed-use developments

Historic Preservation Tax Credit Program

- » Properties must be historically significant, as determined by SHPO

- » Project must include substantial rehabilitation
 - If commercial, qualified rehabilitation expenditures must equal at least 50% of building value before land or \$50,000, whichever is less
 - If building is not commercial, qualified rehabilitation expenditures must equal at least 25% of building value before land or \$25,000, whichever is less

- » Rehabilitation work must meet federal *Secretary of Interior's Standards for Rehabilitation*

Historic Preservation Tax Credit Program

- » Developers may receive a state income tax credit equal to 25% of the qualified rehabilitation expenditures (QREs) associated with the project.
 - Defined in Section 47 of IRS Code – 26 U.S. Code 47
 - Generally, include expenditures related to structural components of the building and soft costs that can be charged to a capital account.
 - QREs do not include those expenditures financed by federal, state, or local government grants or forgivable loans unless otherwise allowed under Section 47 of the Internal Revenue Code.

Historic Tax Credit Process

» Part 1 - Eligibility

- Part 1.5 – Meeting for project expectations
- [State Historic Preservation Tax Credits | History \(iowaeda.com\)](http://iowaeda.com)

» Part 2 – Describes the condition of the building and the planned rehabilitation work. The proposed work will be evaluated based upon the Secretary of the Interior's Standards for Rehabilitation.

» Part 2B – Registration and reservation of tax credits

» Part 3 – Review that completed project meets the Standards & program regulations

ESHPO

- » State Historic Tax Credit Part 1 and Part 2 applications and amendments are submitted through ESHPO ([Home \(site.com\)](#))
- » Only one User Login is allowed access to the ESHPO application per project
- » For projects using both State and Federal programs:
 - Federal Historic Tax Credit program is transitioning to new forms and electronic application process
 - Federal program requires its own separate ESHPO application submission
 - after August 15th, 2023, all federal applications must be on new forms and meet NPS electronic file formatting requirements. Hard copies will no longer be accepted.

iowagrants.gov

- » Registered Historic Tax Credit projects will be managed through iowagrants.gov
- » Recent maintenance in December 2022 now requires a password reset
- » Part 2B Registration application, award letter, contract, annual compliance reports and correspondence maintained in iowagrants.gov

Historic Tax Credit Registration Process

- » Part 2B Registration and Reservation of Tax Credit
- » Roughly \$21 million available this round.
 - 5% of total set aside for Small projects
 - ½ of \$45 mil available funding per round: Fall / Spring
- » If project is categorized as Large, QREs of more than \$750,000, Registration is held twice a year.
 - Approved Part 2 projects must submit 2B Application in iowagrants.gov
 - Scored competitively
- » If project is categorized as Small, QREs of \$750,000 or less, Registration is available year-round.
 - Approved Part 2 projects must register with IEDA within 180-days of approval granted by SHPO

Application Scoring Category Updates

- » The Part 2B Registration application has been updated to include a few more categories.

Criteria A:	Max Points
Rehabilitation Planning & Project Readiness	120
Rehabilitation Planning	10
Anticipated Rehabilitation Timeline	20
Life Safety Code Review	10
Eligible for National Historic Listing	5
Certified Local Government	5
Secured Financing	15
Building Ownership	10
Local Government Participation & Support	10
Population	10
Neighborhood / Community Impact	10
Economic Impact	5
Underserved Community	5
Multiple Part 2B Attempts for Registration	5

Rehabilitation Planning

Maximum 10 points

- » 10 points: Part 2 Application approved without conditions
- » 0 points: Part 2 Application approved with conditions

Anticipated Rehabilitation Timeline

Maximum 20 points

- Current construction schedule must be included for verification

Timeline	
Substantially Complete at close of Registration Submission	+20 points
Completion within 6 months	+15 points
Completion within 8 months	+14 points
Completion within 10 months	+13 points
Completion within 12 months	+12 points
Completion within 16 months	+11 points
Completion within 20 months	+10 points
Completion within 24 months	+9 points
Completion within 30 months	+8 points
Completion within 36 months	+5 points

Life Safety Code Review

Maximum 10 points

- » 10 points: Project has building permit issued by Authority Having Jurisdiction (AHJ)
- » 8 Points: Project has preliminary building permit comments & plans are submitted for final review
- » 5 Points: Project has preliminary building permit comments from AHJ
- » 2 Points: Project has preliminary building permit review meeting scheduled with AHJ

National Register Listing

Maximum 5 points

- » 5 points: National Historic Landmark

- » 3 Points: Listed on the National Register of Historic Places
 - Either contributes to the listed National Register Historic District or
 - Is individually listed on the National Register of Historic Places

- » 2 Points: Determined *eligible* for the National Register of Historic Places by the SHPO but not listed

- » 1 Point: Listed as a local landmark by city or county ordinance

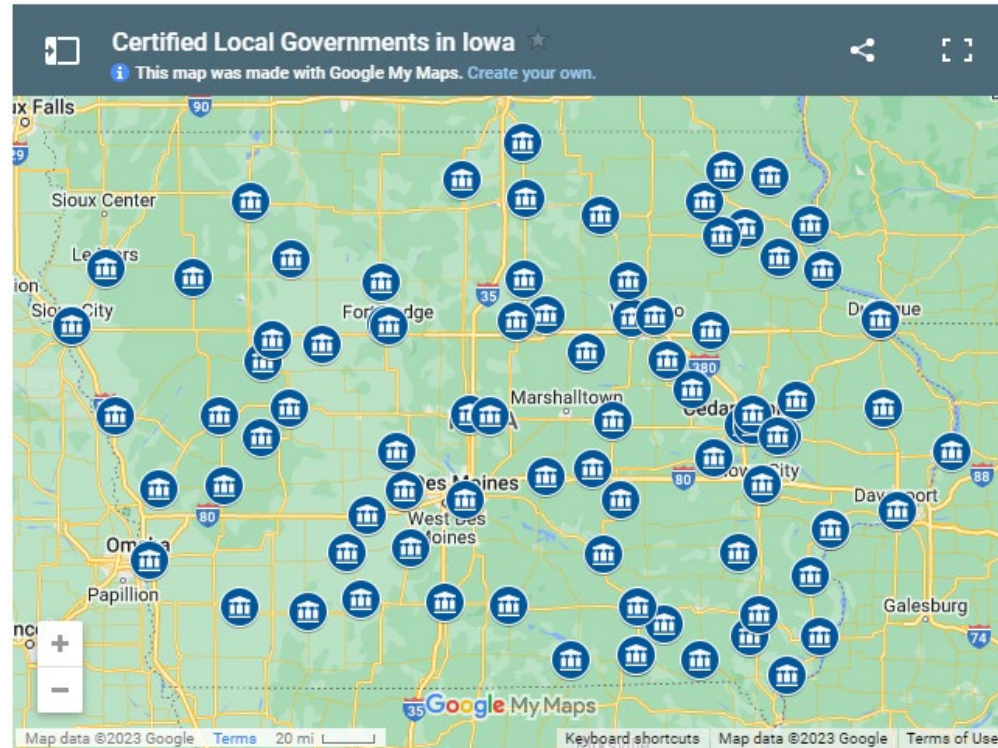
- » 1 Point: Barn constructed before 1937

Certified Local Government

Maximum 5 points

» 5 points: Is located within a community that is a Certified Local Government in good standing.

» [Iowa Arts & Culture \(iowaeda.com\)](http://iowaeda.com)



Secured Financing

Maximum 15 points

- » Weighted preference for applicants who have financing and/or equity in place and are ready to begin development immediately.

Secured Financing	
91% or more of financing in place	+15 points
81-90%	+12 points
71-80%	+10 points
61-70%	+8 points
51-60%	+5 points
Less than 50%	+3 points

- » 100% is based on secured and documented financing excluding the Historic Tax Credit

Secured Financing

Maximum 15 points

- » Documentation of all financing sources for the project
- » Development agreement and ANY source of equity
- » Equity must be documented by a third party (bank/ CPA)
 - Must identify amount available and that equity is available and unencumbered
- » Commitment letters on letterhead with funding details
 - Include:
 - recent validity date
 - funding amount
 - interest rate
 - terms
 - project information, etc.

Ownership

Maximum 10 points

- » 10 Points: Applicant is the fee simple owner or is a qualified lessee
- » 5 Points: Applicant has a purchase agreement
- » 2 Points: Applicant will qualify for the federal credit

Local Government Participation and Support

Maximum 10 points

- » 10 Points: Both resolution of support & financial commitment
- » 7 Points: Resolution of support OR financial commitment
- » 3 Points: Letter of support
- » 0 Points: No indication of support

Community Population

Maximum 10 points

Population	Points
<ul style="list-style-type: none">• Under 15,000 or• Smallest city that applied in round	10
<ul style="list-style-type: none">• 15,001-49,999 or• 2nd/3rd smallest cities that applied	8
More than 50,000	6

Neighborhood / Community Impact

Maximum 10 points

- » Describe how the impact of the rehabilitation project will benefit the local community. Items to consider:
- The proposed Historic project includes residential dwelling units that will help fill an existing housing need.
 - The proposed Historic project will provide a community meeting center that currently does not exist for the community.
 - Will this project be a catalyst for future projects.

Economic Impact

Maximum 5 points

» Describe the economic impact from the project. Items to consider:

- The proposed Historic project will provide commercial space that will create new jobs.
- The construction and rehabilitation material will be sourced from Iowa.
- The proposed project may spur additional development or historical rehabilitation to the surrounding area.
- The proposed Historic project will provide a community meeting center that currently does not exist for the community.

Underserved Community

Maximum 5 points

» 5 points: If the community has not had an Historic Tax Credit Project Registered in the last 3 years (Registration / Part 2B)

- Cities below have had an Historic Tax Credit project

Amana

Dubuque

Muscatine

Brooklyn

Dyersville

Red Oak

Burlington

Grundy Center

Sioux City

Cedar Rapids

Indianola

Storm Lake

Clinton

Iowa City

Toledo

Council Bluffs

Jefferson

Waterloo

Davenport

Keosauqua

Waverly

Des Moines

Marshalltown

Winterset

Downey

McGregor

Multiple Attempts for Registration

Maximum 5 points

» Project must score competitively in prior rounds.

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Criteria B

Criteria B: Tiebreaker Categories	Max Points
State Historic Preservation Plan – Alignment	5
Level of Significance	3
Cultural & Entertainment District / Great Places	2

State Historic Preservation Plan - Alignment

Maximum 5 points

- » How does this project align with goals from the State Historic Preservation Plan?
 - Narrative worth up to 5 points

» [State Historic Preservation Plan](#)

Level of Significance

Maximum 3 points

Level of Significance	
Local Significance	1 point
State Significance	2 points
National Significance	3 points

Cultural & Entertainment District / Great Places

Maximum 2 points

Project is in a Cultural & Entertainment District or specifically mentioned in a current Great Places contract

[Iowa Cultural and Entertainment Districts | Iowa Arts & Culture \(iowaeda.com\)](#)

[Iowa Great Places | Cultural Affairs \(iowaeda.com\)](#)

Application reminders

- » Please ensure applications are correct and complete before submitting.
- » Once submitted, applications may not be corrected.
- » Please make sure all contact information is correct! We will use information provided to communicate with applicants.

Registration Application review timeline

- » 2B Applications will be due Friday, **September 15, 2023**, at 11:59:59 PM
- » IEDA & SHPO staff to complete scoring applications
- » Final award recommendations, based on scores, will be reviewed and approved by the IEDA Director
- » Awards expected to be announced in November

Next Steps

- » Projects that are awarded will receive an award letter from IEDA
- » IEDA will issue a press release announcing awards
- » Projects will receive a contract from IEDA
- » Review, sign documents and return as directed

Program Reminder

» Annual Compliance Reports

- Due June 1st each year until project completion (sent out May 1st)

» Next funding round will open February 2024

» National Park Service (NPS) has updated their forms and process for receiving applications.

- New website <https://www.nps.gov/subjects/taxincentives/hpca-electronic-submission.htm>

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The logo features the word "IOWA" in a bold, sans-serif font. The letter "O" is a light green color, while the letters "I", "W", and "A" are white. Below "IOWA" is the phrase "economic development" in a smaller, lowercase, light green font. A registered trademark symbol (®) is located at the end of the word "IOWA".

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