

5/12/2022- Frequently Asked Questions
Workforce Housing Tax Incentive program

1. How will the \$35 million tax credit allocation be split between urban areas and small cities?

A. The allocation will be split equally between urban areas and small cities
(\$17.5 million & \$17.5 million)

2. What is the maximum Workforce Housing Tax Incentive award?

A. The maximum award under the program is \$1 million.

3. Why does IEDA plan to set separate per unit cost caps for the urban areas and small cities?

A: Recent legislation (SF 2325) requires that the IEDA board set separate cost caps based on location and activity. The board is required to set per unit cost caps for:

- Single family units in an urban area
- Single family units in a small city
- Multi-family units in an urban area
- Multi-family units in a small city

4. Can an awarded tax credit be spread over multiple years if the developer does not have the tax liability to utilize the credit in one year?

A. Yes. Credits can be carried forward for up to 5 years.

5. Are tax credits under this program transferrable?

A. Yes. The state investment tax credit is fully transferrable.

6. How is the per unit cost calculated? Is it the cost for each unit in the project or the average cost of all units in the project?

A. The average unit cost is calculated. The per unit figure is calculated by dividing the amount of costs directly related to the project by the number of units in the project.

7. Can a community in one of the largest 11 counties fall under the small city set aside?

A. Yes. Communities located in 11 most populous counties do fall under the small city set aside if they have a population of 2500 or less and had less than 30% growth from 2010 to 2022 as determined by US census data.

8. Can I apply for Workforce Housing Tax Incentives if my project has already started?

A. Yes. However, any costs incurred before an award is made would not be eligible costs; The tax credit would only be calculated on those costs incurred after an award is made.

9. Are phased projects eligible to apply for tax credits? I have a large project that will be completed in several phases.

A. Yes. Each phase must apply separately and will be reviewed and evaluated separately. If one project phase is awarded, there is no guarantee subsequent projects phases will receive credits.

10. Do communities in the least populated 88 counties, under the small city set aside, automatically qualify for the 20% investment tax credit?

A. Yes, projects in communities that fall under the small city set aside qualify for an investment tax credit of up to 20% of the qualifying project costs.

11. What is the definition of a brownfield and a grayfield for purposes of this program?

A. These definitions are included in the program administrative rules: [04-06-2022.261.48.pdf \(iowa.gov\)](http://www.iowa.gov)

A brownfield is defined as: “*an abandoned, idled, or underutilized property where expansion or redevelopment is complicated by real or perceived environmental contamination. A brownfield site includes property contiguous with the site on which the property is located. A brownfield site does not include property which has been placed, or is proposed for placement, on the national priorities list established pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq. In order to administer similar programs in a similar manner, the authority will attempt to apply this definition in substantially the same way as similar definitions are applied by the brownfield advisory council established in Iowa Code section 15.294 and may consult members of the council or other staff as necessary.*”

A grayfield is defined as: “*a property meeting all of the following requirements:*

(1) *The property has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. Such property includes vacant, blighted, obsolete, or otherwise underutilized property.*

(2) *The property's improvements and infrastructure are at least 25 years old and one or more of the following conditions exists:*

1. *Thirty percent or more of a building located on the property that is available for occupancy has been vacant or unoccupied for a period of 12 months or more.*
2. *The assessed value of the improvements on the property has decreased by 25 percent or more.*
3. *The property is currently being used as a parking lot.*
4. *The improvements on the property no longer exist.*

In administering the program, the authority will attempt to apply this definition in substantially the same manner as similar definitions are applied by the brownfield advisory council established in Iowa Code section 15.294.

12. Is greenfield development allowed under this program? When would greenfield development be an eligible activity?

A. Greenfield development is only allowed in communities under the small cities set aside. Recent legislation (SF 2325) eliminated the distressed community designation some communities had previously received to allow for greenfield development.

Under the Workforce Housing Tax Incentive program, greenfield development is defined as: *"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."*

Please refer to the definitions of brownfield and grayfield in question #11 of this FAQ to determine if your project site meets one or both of those criteria.

13. How many applications can a developer submit for consideration in an application round?

A. As of 5/12/2022, IEDA has decided to not limit the number of applications a developer can submit for the FY 2023 application round.

14. Can local matching funds for a project be provided by a community organization?

A. Yes, a local development corporation or similar organization may provide local match required for a project. Match must be cash or cash equivalent; The total amount of matching funds must equal at least \$1,000 per unit included in the project.

15. Can developers apply for both Workforce Housing Tax Incentives and Low-Income Housing Tax Credits for the same project?

A. Yes, a developer may apply for credits under both programs. However, a project will not be awarded credits for the same project under both programs.

16. Does lowagrants.gov allow separate documents to be uploaded in the application as supporting documentation? Can we upload multiple documents from a housing needs assessment?

A: lowagrants.gov allows one document to be submitted. Multiple pages/sections can be merged into one document to be submitted.