

Workforce Housing Tax Incentive Application Workshop



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» Application Due Date

- June 9th at 11:59 PM

Workforce Housing Tax Incentive Program

- » State tax credit program provides tax benefits to developers to provide housing in Iowa communities.
- » \$35 million allocation for FY 2024. Allocation is split equally between Small Cities and Urban areas.
- » Maximum award for a project is \$1 million.

Urban Definition

» Community in the 11 most populated counties in Iowa, shown below:

Black Hawk

Dallas

Dubuque

Johnson

Linn

Polk

Pottawattamie

Scott

Story

Warren

Woodbury

Small City Definition

» Community in the 88 least populated counties,

OR

» Community in the 11 most populated counties that meet both of the following criteria:

- Population of 2,500 or less, based on 2020 census data, and
- Population growth of less than 30% as determined by comparing census data from 2020 to 2010.

Eligible Project Sites

- Housing development located on a brownfield or grayfield site
 - Definitions for grayfield and brownfield can be found at Administrative Rule 261-48.3
- Repair or rehabilitation of dilapidated housing units
- Upper story housing development (existing multi-use building)
- New construction in a greenfield (**Small Cities only**)

Minimum Units for Eligibility

- » Developer must construct or rehabilitate a minimum of:
 - Four single family units (two if in **Small City**)
 - One multi-family building containing at least three units
 - Units in a building with shared entry or access to the unit
 - Two upper story units in an existing multi-use building
 - Existing building with commercial on the street level and housing on the upper stories

» Single family dwelling unit defined by IEDA as:

- Separated from other units by a ground-to-roof wall
- Does not have other units above or below
 - Other factors to consider:
 - Separate heating system
 - Individual meter for public utilities
 - Separate entrance from other units

Project Cost Caps

» Project Costs

- Per unit cost caps for both small city and urban
 - \$298,021 per single family unit
 - \$241,643 per multi-family unit
- Per unit cost is determined by taking “costs directly related to” the project divided by the total number of units in the project.

Costs Directly Related

- » “Costs directly related to” includes:
 - Expenditures for site preparation work
 - Surveying
 - Construction materials
 - Construction labor
 - Architectural services
 - Engineering services

Costs Directly Related

- » “Costs directly related” does **not** include:
- Land acquisition
 - Building permits
 - Building inspection fees
 - Furnishings
 - Appliances
 - Accounting services
 - Legal services
 - Loan origination financing costs
 - Developer fees
 - Costs associated with selling or renting dwelling units

Tax Incentive Award Amounts

- Projects located in Urban:
 - State income tax credit of up to 10% of the first \$150,000 per unit (maximum \$15,000 tax credit per unit)
 - Additional refund of sales and use taxes on project construction materials
- Projects located in Small Cities:
 - State income tax credit of up to 20% of the first \$150,000 per unit (maximum \$30,000 tax credit per unit)
 - Additional refund of sales and use taxes on project construction materials
- Maximum cumulative award for a project is \$1 million

Local Match and Resolution

- Resolution of support from city is required.
- Local match of at least \$1,000 per unit is required.
- Allowable match includes cash or cash equivalent, tax abatement or exemption, rebates, refunds or reimbursements.
- The value of the match must be included in the documentation.

Ineligible Projects

- » Projects located in a 100-year flood plain
- » Projects receiving 4% or 9% Low Income Housing Tax Credits

Workforce Housing Application

» General information

- Entity applying for award

» Project information

- Project Site (+12 pts)
- Proposed Project (+12 pts)
- Financing and Project Readiness (+10 pts)
- Project Impact (+16 pts)

» Finances

- Documented financial sources

» Attachments

Project Site/Location

- Site Selection - Financial and development factors (+3 pts)
 - Ease of development, access to infrastructure, land price, city incentives, etc.
- Site Selection - Appeal for prospective residents (+3 pts)
 - Access to grocery, shopping, services, employment, parks, recreation, libraries, schools, entertainment, etc.

Project Site/Location

- Adaptive Reuse (+2 pts)
 - Reusing/redevelopment of a building for a purpose other than which it was originally built or designed for
- Historic (+2 pts)
 - Building is eligible for State Historic Tax Credits
 - Defined by Iowa Code 404A

Project Site/Location

- Infill – Small City (+2 pts)
 - New construction
 - Existing built out neighborhood or area with infrastructure in place

OR

- Rehabilitation of Existing Building – Small City (+2 pts)
 - Must be existing residential dwelling units

Proposed Project

- Project Design (+6 pts)
 - Residents Amenities
 - Appliances, walk in closet, pantry, interior storage, laundry in units, energy efficiency, yard, garage, off street parking, common space, community room, fitness room, storage on site, etc.

Proposed Project

» Developer Experience

- Years of Experience and Units Constructed (+3 pts)
 - Years of experience and number of previous housing projects
- Experience Narrative (+3 pts)
 - Projects completed in past 5 years including project type, number of units, etc.
 - Developer capacity to complete this proposed project

Financing & Readiness to Proceed

- Proper zoning (+1 pt)
 - Signed zoning letter from the city uploaded
- Architectural drawings (+1 pt)
 - Drawings that include site plan, elevation, and floor plans uploaded
- Readiness to Proceed (+3 pts)
 - Describe factors that will allow the proposed project to proceed
 - All infrastructure in place and properly sized, road in place, closing has occurred, or closing date is set, building permits, abstracting, etc.

Financing & Readiness to Proceed

» Project Financing (+5 pts)

- Projected Workforce Housing Tax Credits included in project financing

- Commitment letters on letterhead with funding details
 - Include:
 - recent validity date
 - funding amount
 - interest rate
 - terms
 - project information, etc.

- Developer equity verified by 3rd party (lender, CPA, etc.)

Financing & Readiness to Proceed

» Project Financing (+5 pts)

- Scoring based on percent of financing committed and properly documented at application (excluding Workforce Incentive request):
 - 5 points - 100%
 - 4 points - 90-99%
 - 3 points - 80-89%
 - 2 points - 70-79%
 - 1 point - Less than 70%

Project Impact

- Economic and Community impact questions (+5 pts)
 - Recent business expansions that created a need for additional housing
 - Future business expansions that will require additional housing
 - Barriers to job growth because of limited housing
- Proposed project impact on community (+3 pts)
 - Narrative on potential impact and importance of this project on neighborhood or community

Project Impact

- Market need (+5 pts)
 - 3rd party market study
 - County or community housing assessment study
 - Developer Market Review form (download in application to fill out)
- Letter(s) of support – max of 5 (+1 pt)
 - Letters from local partners (not including City or County government)
- Underserved City (+2 pts)
 - Located in a community that has not received a WHTIP in last 3 years

Developer Market Review

	A	B	C	D	E	F	G
1	MARKET/SUB-MARKET INFORMATION SPREADSHEET FOR PROPOSED HOUSING PROJECT						
3	Subject Project Description						
4	Project Name:						
5	Project Address:						
6	Project City/County:						
8	Project Action (check appropriate box(es):	Rental		New Construction		Budget:	
9		Sale		Renovation		Budget:	
11	Subject Project - Unit Mix	# of Units	Ave. Unit Size	Ave. Unit Rents			
12	Studio						
13	1-Bdrm						
14	2-Bdrm						
15	3-Bdrm						
16	4-Bdrm						
17	Subject Project Amenities and Deficiencies; Land and Bldg						
19	Comparable Market Rental Projects						
20	Project Name						
21	Project Address						
22	Project City						
23	Project County						
24	Comparable Projects:	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Average	
25	Distance from Subject						

Workforce Housing Application

» Budget

- Only include residential costs
- Mixed-use developments must break out residential costs

- Budget Line Items
 - Building Acquisition
 - *Land Acquisition*
 - Site Development include demolition
 - Construction – Materials Only (*sales & use tax refund portion calc off*)
 - Construction – Labor and Operations
 - Architect and Engineering Fees
 - Other project expenditures

Workforce Housing Application

» Required Attachments

- City resolution of support for the project
- Proof of financial match from city (it not covered in city resolution)
- Map of proposed project location
- Documentation of site control (deed, purchase agreement, option to purchase, etc.)
- Brownfield or Grayfield Letter from community/city
- Market study / Housing assessment / Developer Market Review
- Screenshot of [FEMA Map](#)
 - FEMA letter (if site is depicted in 100-year flood plain)

Brownfield/Grayfield Verification Letter

» Letter from local community verifying status of site as Brownfield or Grayfield

Include supporting documentation as to the designation of either a Brownfield or Grayfield site per Iowa Code definitions in Section 15.352 and Iowa Administrative Code 261.48.3(15). This may be included in letter form from a local official, and **must specify how project meets the criteria per Iowa Code by citing definition in code and how site meets that definition.**

Brownfield Language

- Abandoned, idled, or underutilized property where expansion or redevelopment is complicated by real or perceived environmental contamination. Includes contiguous sites.
- Is the brownfield site placed or 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?

Grayfield Language

- 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
- The property's improvements and infrastructure are at least 25 years old, and one or more of the following conditions exists
 - 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.
 - The assessed value of the improvements on the property has decreased by 25 percent or more.
 - The property is currently being used as a parking lot.
 - The improvements on the property no longer exist.

FEMA Floodplain

FEMA Flood Map Service Center: Search By Address

Enter an address, place, or coordinates: 

1963 Bell Ave. Des Moines, IA 50315

Search



Whether you are in a high risk zone or not, you may need [flood insurance](#) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 20 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than \$400 per year. Call your insurance agent today and protect what you've built.

Learn more about [steps you can take](#) to reduce flood risk damage.

Search Results—Products for DES MOINES, CITY OF

Show ALL Products »

The flood map for the selected area is number **19153C0335F**, effective on **02/01/2019** 

DYNAMIC MAP



PRINT MAP / FIRMette

MAP IMAGE



DOWNLOAD FIRM PANEL

Changes to this FIRM

- Revisions (0)
- Amendments (1)
- Revalidations (0)

You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette.

Go To NFHL Viewer »



Workforce Housing Application

» Scoring Attachments

- Letter(s) of support – max of 5
- Commitment letters from financial sources
- Signed zoning letter from city
- Architectural drawings

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.

Application reminders

- » Expect this application round to be highly competitive with requests exceeding the amount of available credits
- » FY23 round (last year) we received 133 applications requesting \$80 million. IEDA was able to make 57 awards

Application review timeline

- » Applications will close Friday **June 9, 2023** at 11:59:59 PM.
- » IEDA 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 mid-August.

Next Steps

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

Next Steps

- » Projects must start construction by June 1, 2024
 - Annual Compliance Reports sent out May 1st
 - Break ground and making progress
 - Credits to be rescinded for reallocation

- » Projects must be completed within 3 years from the award date.
 - Completed = certificate of occupancy has been issued

- » Annual Compliance Reports are
 - Due June 1st each year until project completion (sent out May 1st)

» Annual Compliance Report

- Due June 1st of each year the project is still underway
- Instruction will be sent out one month before due date

» Questions on report:

- Has the project begun construction?
 - Percentage of work completed?
- Anticipated completion date
 - Or anticipated start date

» If project is electing to not move forward, opportunity to notify IEDA of reason.

lowagrants.gov

- » Awarded projects will be managed through lowagrants.gov.
- » Recent maintenance in Dec 2022 now requires a password reset
- » IEDA close out documentation and other project related documents will be submitted through this account.
- » Application, award letter, contract, annual compliance reports and correspondence maintained in this system.

» Closeout process for Workforce Housing Projects

- Required documents include:
 - Schedule of Claimed Expenses (Exhibit B, download and fill out)
 - Tax release authorization form (download and fill out)
 - Articles of Incorporation
 - Certificate of Existence
 - Local/State Building Code Compliance (Certificate of Occupancy)
 - Written Statement of Completion for the Project
 - Third party auditor's report / CPA Examination
 - Opinion that costs incurred are eligible under the program rules
 - Pictures of the completed project
 - 6 total with pictures of both inside and outside of the completed project
- Origination Fee of \$500
 - Collected with required documents listed above
- Compliance Fee of ½ of 1% of the total Award
 - Collected after IEDA reviews project and Tax Certificates are issued

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The logo for IOWA economic development is located in the bottom-left corner of a dark grey curved shape. It features the word "IOWA" in a large, white, sans-serif font, with the letter "O" filled with a lime green color. Below "IOWA" is the phrase "economic development" in a smaller, lime green, lowercase sans-serif font. A registered trademark symbol (®) is positioned to the right of the word "IOWA".

IOWA[®]
economic development