

Workforce Housing Tax Incentive Application Workshop

March 31, 2022



**Nichole Hansen
Community Investments Team Leader**

Agenda for Today

- » Program overview & updates
- » Completing your application
- » Application review criteria
- » Application timeline
- » Post award activities
- » Q & A

Workforce Housing Tax Incentive program- Updates

- » Staffing update- Richard Bell will be joining IEDA as our Tax Credit Program Manager on April 4th.
- » Richard will be managing the Workforce Housing Tax Incentive and Historic Preservation Tax Credit programs.
- » Contact information will be on the website early next week.

Workforce Housing Tax Incentive program- Updates

- » Legislation passed this session and signed on 3/23/2022 made changes to the Workforce Housing Tax Incentive program.

- » SF 2325: [SF2325.pdf \(iowa.gov\)](#)

- » Changes include:
 - Change to small city definition
 - Allows adjustment to per unit cost cap
 - Eliminates distressed community designation
 - Allows more flexibility in addressing cost overruns/timing

Workforce Housing Tax Incentive program

- » State tax credit program provides tax benefits to developers to provide housing in Iowa communities, focusing especially on those projects using abandoned, empty, or dilapidated properties
- » \$35 million allocation for FY 2023. Allocation is split equally between two program components:
 - Urban= Projects in communities in the 11 most populated counties
 - Small Cities= Project in communities in the 88 least populated counties and *communities in larger counties meeting certain criteria (NEW)*

Workforce Housing Tax Incentive program

11 most populated counties *(Based on 2020 Census)*

Polk

Linn

Scott

Johnson

Black Hawk

Woodbury

Dallas

Dubuque

Story

Pottawattamie

Warren

Workforce Housing Tax Incentive program

» Small City is defined as:

- Community in the 88 least populated counties OR
- (*NEW*) Community within the 11 most populated counties that meet the following criteria:
 1. Has a population of 2500 or less, based on census data
 2. 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)

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:

[03-23-2022.261.48.pdf \(iowa.gov\)](#)

- Repair or rehabilitation of dilapidated housing stock
- Upper story housing development
- New construction in a greenfield (previously undeveloped property- Small Cities only)

Workforce Housing Tax Incentive program

» Project Requirements

- Developer must construct or rehabilitate a minimum of:
 - Four (4) single family units (2 if Small City)
 - One (1) multi family unit containing at least three (3) units
 - Two (2) upper story units

Workforce Housing Tax Incentive program

» Project requirements

- Workforce Housing projects must meet per unit cost caps.
- 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 to” is defined in rule as follows:

“Costs directly related” means 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

Workforce Housing Tax Incentive program

» Project requirements

- Previously, the per unit cost cap has been \$200k or \$215k (for Small City projects)
- The per unit cost cap will be changing.
- SF 2325 allows IEDA to set the per unit cost cap on annual basis.
- IEDA board to approve per unit cost caps based on historical program data and information from the US Census Bureau's building permits survey.
- IEDA board to set a per unit cost caps based on location/ activity.

Workforce Housing Tax Incentive program

» Project requirements

- IEDA board to set cost caps for:
 1. Single family units in an urban community
 2. Single family units in a Small City
 3. Multi family units in an urban community
 4. Multi family units in a Small City.

- Legislation requires that the board “*primarily consider the most recent annual United States Census Bureau building permits survey and historical program data.*”

- Staff to make recommendation and take to IEDA board for approval at the April 22nd board meeting.

- Cost caps will be posted on the website after IEDA board approval. IEDA can inform attendees via email as well.

Workforce Housing Tax Incentive program

» Project requirements

- Projects must be completed within 3 years from the award date. Completed= certificate of occupancy has been issued
- Projects must include local match. Local match must equal at least \$1,000 per unit included in the project.
- Match must be in the form of cash or cash equivalent
- Match may be in the form of tax abatement/exemption, rebates, refunds or reimbursements
- Match must be documented. Value of the match must be included in the documentation

Workforce Housing Tax Incentive program

- » 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%) will not be funded under the Workforce Housing Tax Incentive program.

Workforce Housing Tax Incentive program

» If awarded, developers can receive the following tax incentives:

- Refund of state sales and use taxes directly related to the project (construction materials)
- A state tax income tax credit of 10% or 20% (if Small City) of the qualifying project investment. Calculated on the first \$150k of per unit cost. (*Maximum of \$15k or \$30k per unit*)
- Qualifying investment includes items included as “Costs directly related to..” as defined in rule.
- Maximum award for a project is \$1 million

Workforce Housing Tax Incentive program

» Qualifying 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 that do not require repayment
- Any project costs incurred before the award date
- Project costs associated with space other than residential (multi use projects)
- Transactions that are not arms length. (payments to related entities)

Application process

- » Workforce Housing applications submitted through [IowaGrants](#)
- » You will need to register for an lowagrants.gov account to complete the application
- » Registration instructions are on the [lowagrants](#) homepage
- » Application will be listed under “Grant Opportunities”

Application process

 [Log In](#)

Welcome to IowaGrants.gov

Iowa's Funding Opportunity Search and Grant Management System

FUNDING OPPORTUNITIES OFFERED BY IOWA STATE AGENCIES

[Grant Opportunities](#)

[Loan Opportunities](#)

[Bids/Purchases](#)

[Licenses/Permits](#)

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.

[Returning Users Sign In Here](#)

[New Users Register Here](#)

[\(Registration Instructions\)](#)

Application process

- » Applications are scored and ranked on a competitive basis.
- » IEDA anticipates high demand; expect to allocate entire \$35 million allocation
- » Minimal changes from last year's application forms

Application process

» Application has 4 main sections:

- Applicant/ general information
- Project information
- Budget- Uses/Sources
- Required attachments

Application process

350554 - Test

Workforce Housing Tax Credits

Status: Editing

Submitted Date:

Submitted By:

Applicant Information

Primary Contact:

AnA User Id

DON.DURSKY-EXTERNAL2@IOWAID

First Name*

Don

First Name

Middle Name

Dursky2

Last Name

Title:

Email:*

ddursky@gmail.com

Address:*

200 E. Grand Ave.

City*

Des Moines

City

Iowa

State/Province

50309

Postal Code/Zip

Phone:*

515-360-9948

Phone

Ext.

Program Area of Interest*

CDBG

Fax:

Agency

Economic Development, Iowa Department of

Organization Information

Organization Name:*

Iowa Economic Development Authority

Organization Type:*

State Government

DUNS:

Unique Entity Identifier (UEI)

Organization Website:

www.IowaEconomicDevelopment.com

Address:

1963 Bell Ave., Suite 200

Phone:

Des Moines

City

Iowa

State/Province

50315

Postal Code/Zip

Fax:

515-348-6200

Ext.

Benefactor

Vendor Number

Application process

Cover Sheet-General Information

Authorized Official

Name*

Title*

Organization*

If you are an individual, please provide your First and Last Name.

Address*

City/State/Zip*

Iowa

City

State

Zip

Telephone Number*

E-Mail*

Fiscal Officer/Agent

Please enter the "Fiscal Officer" for your Organization.

If you are an individual, please provide your First and Last Name.

Name*

Title

Organization

Address

City/State/Zip

Iowa

City

State

Zip

Telephone Number

E-Mail

County(ies) Participating, Involved, or Affected by this Proposal*

To find your district, click on the "Congressional Map" link. On the left hand side of the page, click on the drop-down list and click on "State of Iowa". Then, enter an address for the county/ies you serve in the Search bar. Click "Enter." This will provide you with your Congressional District, Iowa Senate District and Iowa House District.

Congressional District(s) Involved or Affected by this Proposal*

[Congressional Map](#)

Iowa Senate District(s) Involved or Affected by this Proposal*

[Iowa Senate Map](#)

Iowa House District(s) Involved or Affected by this Proposal*

[Iowa House Map](#)

Application process

Applicant Information

Applicant Name: (legal entity applying for award)*

John Doe Inc

Salutation

John

Contact First Name

Doe

Contact Last Name

President

Contact Title

1111 Happy Ln

Address

Des Moines

City

Iowa

State

50315

Zip Code

555-555-5555

Phone

john.doe@jdinc.com

E-mail

Corporation

Entity Type

XX-XXXXXXX

Iowa Secretary of State business number

Federal Taxpayer ID number

Application process

Applicant Information

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Application process

Project Information

Project name or alias:	Development			
Project Address	123 Development Ln <small>Address</small>			
	Monroe	Iowa	Warren County	
	<small>City</small>	<small>State</small>	<small>County</small>	<small>Zip Code</small>
Is the project located in a 100-year flood plain?	No <small>Project located in a 100-year flood plain are not eligible for tax credits under this program.</small>			
Is this project in a federally designated Opportunity Zone?	No <small>Eligible projects under the Workforce Housing Tax Incentive Program must fall into one of four categories.</small>			
Category of proposed project:	New const., rehab, repair, or redevelopment of dwelling units in distressed workforce housing community (Greenfield Development)			
Project involves				
Has the IEDA designated the community where the project will take place as a distressed workforce housing community?	No			
Please provide a brief description of the proposed housing development project: (500 character limit)				
When completed and available for occupancy, will the units meet the United States Department of Housing and Urban Development's housing quality standards and all applicable safety standards?	Yes			
Please describe local support for the project, including local financial support and support from local employers and community organizations. (1,500 character maximum)				
If available, upload letters of local support for this project:				
Does the project include local matching funds for the project in an amount equal to at least \$1,000 per dwelling unit to be developed?	Yes			
Type of local match:	Rebate			
Amount of local match:	\$25,000.00			

Application process

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

Describe their involvement in the proposed project:
(1,500 character maximum)

Does this project involve the renovation/reuse of a former school building?

Does the project involve rehabilitation, repair, redevelopment or preservation of a historic property as defined in Iowa Code Section 404A.1(2)? No

Does the applicant/ developer have site control of the property? Yes

"Site control" means the developer:

- Owns the property outright and can document ownership through a deed OR
- Has an executed contract to purchase the property OR
- Has an option to purchase the property

Is infrastructure currently available at the property? Yes

Are architectural plans for the project complete? Yes

Has any part of the project started?

Project start date: 08/01/2020

Proposed project completion date: 04/15/2022

The proposed project MUST be completed within three (3) years from date the project is awarded tax credits by IEDA.

Has the developer been awarded Workforce Housing Tax Incentives previously? No

Has the Developer completed similar projects? Yes

Briefly describe the completed project:
(1,500 character maximum)

Include type of project, location, number of units completed, date of completion, and total project cost upon completion.

Upload documentation of similar style project(s) completed

Example: Certificate of Occupancy(s)

Application process

What was the community's population in the 2010 census?

5000

Use 2010 Census data provided by community here:
<https://www.iowadatecenter.org/city-quick>

What was the community's population in the 2020 census?

5500

Use 2020 Census data provided by community here:
<https://www.iowadatecenter.org/city-quick>

The city or township is in one of the 11 largest counties in Iowa and had population growth of less than thirty percent as calculated by comparing the population in the most recent decennial census released by the United States census bureau to the population in the decennial census released ten years prior.

Community Growth

10.0%

What is the community's vacancy rate percentage?

5.0%

Use vacancy rate data available for the community at the Iowa profile through IFA, found here:
<http://www.westernes.com/Iowa/>
Applications will be scored using Iowa profile vacancy rate information.

Does the community have a Housing Needs Assessment that has been completed in the past 5 years?

Yes

Upload the documentation/excerpts from that assessment showing the need for the type of housing proposed in this application:

Describe any industry expansions within the community/ region in the past three years. What employers completed expansions and what is the number of jobs to be created as a result of those expansions?
(1,500 character maximum)

Describe any planned business expansions that may create a need for additional housing in the community.
(1,500 character maximum)

What is the anticipated number of jobs to be created as a result of these expansions?

Describe how housing is a barrier to job growth in the community:
(1,500 character maximum)

Upload letters from local employers, economic development groups, etc. documenting how housing is impacting job growth in the community:

Application process

Units

Housing Activity	Housing Activity	Unit Type	Unit Ownership	# of Units in Project
Activity #1	New const., rehab, repair, or redevelopment of dwelling units in distressed workforce housing community (Greenfield Development)	Single Family Detached	Owner	4
Activity #2			Occupied	
Activity #3				
Activity #4				
Totals				4

Application process

Project Expenditures (RESIDENTIAL ONLY)

Expense	Expense Amount
Building Acquisition	\$0.00
Land Acquisition	\$2.00
Site Development (including demolition)	\$1,000.00
Construction (materials only)	\$800,000.00
Construction (labor and operations)	\$3,000.00
Architect/Engineer Fees	\$100.00
Building Permits and Fees	\$100.00
Construction Loan Interest	\$10.00
Total	\$804,212.00

Replaced with new section - Cash Sources (UP-FRONT FUNDS ONLY)

Source	Status	Supporting Documentation
Low Income Housing Tax Credit (Equity Only)	\$0.00 Applied for	New 1.pdf
Historic Tax Credit Equity (State Tax Credit Equity Only)	\$0.00 Committed	_Test IAGraants.txt
Historic Tax Credit Equity (Federal Tax Credit Equity Only)	\$0.00 Pending	
Brownfield/Grayfield Credit (Tax Credit Equity Only)	\$0.00	
HOME (Loan)	\$0.00	
HOME (Grant or Forgivable Loan)	\$0.00	
FHLB Affordable Housing Program (Loan)	\$0.00	
FHLB Affordable Housing Program (Grant or Forgivable Loan)	\$0.00	
USDA-RD (Loan)	\$0.00	
USDA-RD (Grant or Forgivable Loan)	\$0.00	
Local Match (Loan)	\$0.00	
Local Match (Grant or Forgivable Loan)	\$0.00	
Local Match (Property Tax Abatement or Refund)	\$100.00 Applied for	
Developer (Cash or Equity)	\$0.00	
Private Lender (Loan)	\$10,000.00 Committed	
All Other Public Sources (Loan)	\$0.00	
All Other Public Sources (Grant or Forgivable Loan)	\$0.00	
Total	\$10,200.00	

Application process

» When completing the budget, please remember:

- Only include residential costs. If project includes a mixed use development, break out residential costs proportionately.
- Indicate status of financial commitment.

Please note: “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.

- Only show “up front” funding in the sources. Need to see how you are paying the bills associated with the project.
 - Tax credits should only be included if there is a commitment for equity that will be injected into the project

Application process

Estimated Amount of Assistance

NOTE: This section is for applicant information only and provides an estimated amount of assistance available through the Workforce Housing Tax Incentive Program. This initial estimate is calculated based on information provided in the application and may vary from the amount of incentives actually provided under the program.

Please note that incentives awarded to a project will be the lower amount of Option A & Option B, and could be less depending on final project expenditures.

The maximum amount of incentives allowed under the Workforce Housing Tax Incentive Program is \$1 million.

Source	Option A	Option B
Workforce Housing Tax Credit*	\$1,010.00	\$60,000.00
Sales Tax Refund (on materials only)	\$48,000.00	\$48,000.00
Total Estimated Workforce Housing Incentives:	\$49,010.00	\$108,000.00

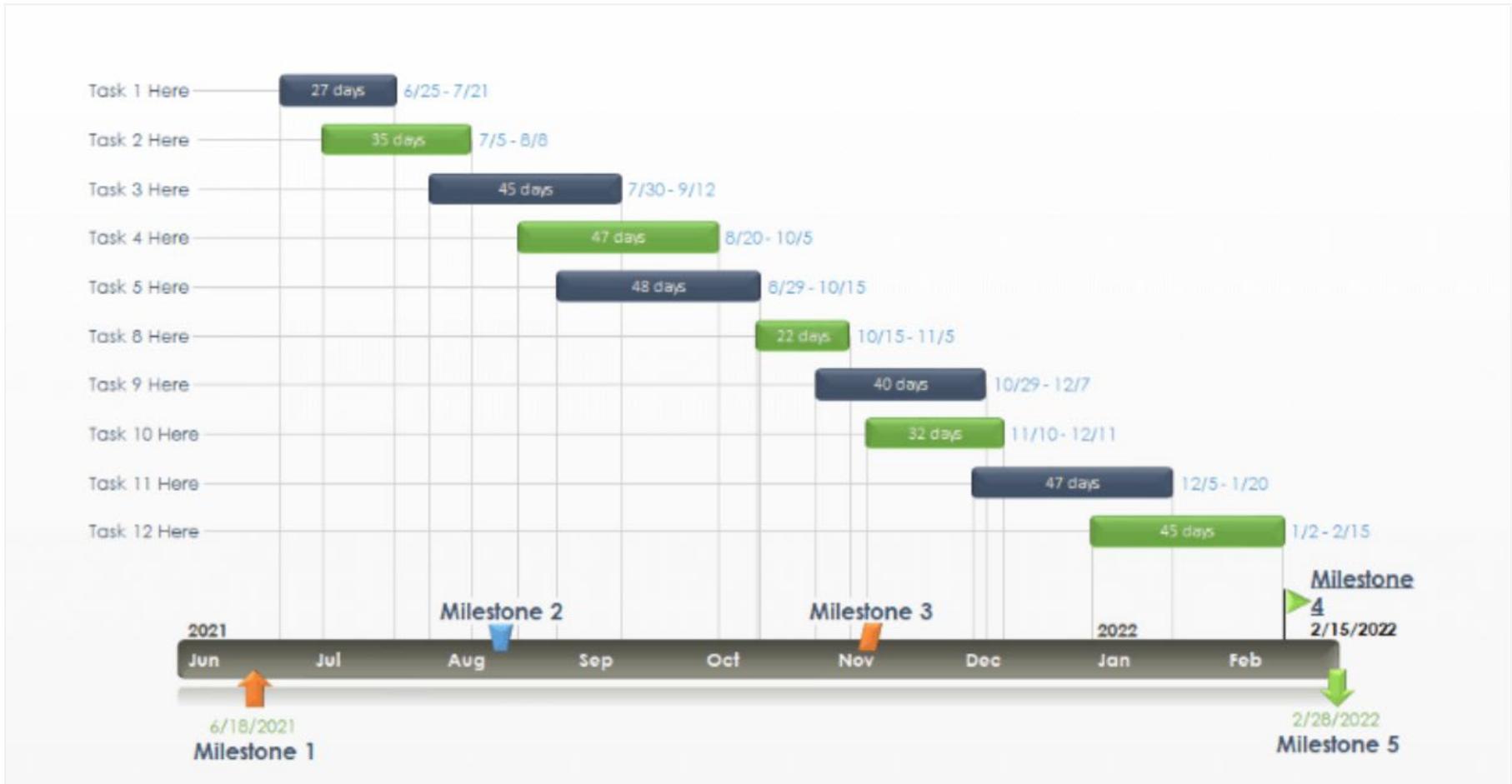
Application process

- » Resolution of support from city is required. Be sure to account for time associated with council agendas, etc.
- » Site control can be documented through assessor's information/deed

Required Attachments

Attachment	Description	File Name	Type	File Size
Resolution in support of the housing project by the community where the housing project will be located:				null
Documentation of local financial support for the project				null
Map of the proposed project within the community				null
Documentation of site control of the property OR documentation/ statement of when the developer will have site control				null
Construction Timeline in Gantt form showing project completion within three years: Click here for GANTT Chart examples from Google				null

Application process



Application process

- » Check all applications form as complete
- » When all complete, you can submit the application

must be marked as complete in order to submit.

Application Forms		Preview Submit
Form Name	Complete?	Last Edited
General Information	✓	03/20/2020
Cover Sheet-General Information		03/25/2020
Project Information	✓	03/24/2022
Budget	✓	03/24/2022
Required Attachments		
Offline Correspondence		

Application Scoring

- » Applications will be reviewed/ scored by IEDA team members
- » Two team members review each application; Scores are then averaged
- » Review/ scoring sheet will be available on the IEDA website:
[Workforce Housing Tax Credit | Iowa Economic Development Authority \(iowaeda.com\)](http://www.iowaeda.com)
(Under “Resources”)

Application Scoring

» Applications will be evaluated and scored on the following criteria:

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 (=Infill w/ new construction)
8. Rehabilitation project- 0-2
9. School reuse- 0-3

33 available points

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 reminders

- » Please make sure all contact information is correct! We will use information provided to communicate with applicants.
- » Best way to reach out with questions is via email: whtip@iowaeda.com
- » Expect this application round to be highly competitive with requests exceeding the amount of available credits

Application review timeline

- » Applications will be accepted until 11:59:59 PM on **July 1, 2022**
- » IEDA staff to complete scoring applications and meet to discuss scores and pending applications
- » Final award recommendations, based on scores, will be taken for review and approval by the IEDA Director.
- » Awards should be announced by mid- September
- » Applicants are strongly encouraged to submit applications prior to the deadline

Next steps

- » Projects that are awarded should receive an award letter from IEDA within 14 days of award announcement
- » IEDA will issue a press release announcing awards. Applicants that are not awarded will receive a decline letter.
- » 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.
- » 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.

Thank you for your time!

Nichole Hansen

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