

Iowa Economic Development Authority

Supporting Housing Development

Western Iowa Advantage Housing Summit

November 13, 2019



# Iowa Economic Development Authority (IEDA)

- » The Iowa Economic Development Authority's (IEDA) Community Development division administers financial assistance programs to promote housing development throughout Iowa:
  - Historic Preservation Tax Credit program
  - Workforce Housing Tax Credit program
  - Community Development Block Grant (CDBG) program

# Historic Preservation & Cultural & Entertainments Tax Credits



# Historic Preservation & Cultural & Entertainments Tax Credits

- » Program provides State tax incentives to developers for the redevelopment & rehabilitation of historic properties in Iowa.
- » May be used for residential development, but also for commercial and other uses
- » Properties must be “historically significant.” This means property is listed on the Federal Register of Historic Places, contributes to a federal district, designated a local landmark, or a barn constructed before 1937.

# Historic Preservation & Cultural & Entertainments Tax Credits

- » Rehabilitation work must meet federal *Secretary of Interior's Standards for Rehabilitation*
- » IEDA administers project in partnership with the State Historic Preservation Office (SHPO)
  - SHPO reviews property for eligibility- Is it “historically significant?”
  - SHPO reviews rehabilitation work to ensure work meets federal standards (before and after project completion)

# Historic Preservation & Cultural & Entertainments Tax Credits

- » State investment tax credit up to 25% of “qualified rehabilitation expenditures” or “QREs” as defined in Section 47 of the IRS code and in Iowa Administrative Code (261—49.4 (404A))
  
- » QREs:
  - Generally includes costs that are charged to a capital account & incurred for rehabilitation
  - Does not include acquisition costs or additions
  - Does not include expenses paid by other federal, state, or local government grants or forgivable loans unless allowed in Section 47

# Historic Preservation & Cultural & Entertainments Tax Credits

- » Credits are transferrable & refundable
- » Program currently has \$45 million annual allocation
- » Program is competitive! Much more demand than credits available
- » IEDA accepts applications typically twice per year (Spring and Fall)  
Applications are then evaluated & scored.
- » Application deadline for for 2020 not yet set; Most likely will be May 2020

# Workforce Housing Tax Incentive program

- » State tax credit program for developers to create new housing in Iowa
- » Can be used for new construction or rehabilitation; Single family or multi-family
- » \$25 million annual allocation (\$10 m for small cities set aside)
- » Includes a state investment tax credit, based on the cost of the project, and a refund of sales and use taxes paid on construction materials



# Workforce Housing Tax Incentive program

- » Recipients can receive up to 10% of 20% investment tax credit on qualifying investment into the project (20% for small cities)
  - Typically hard construction costs- not financing fees, legal fees or costs paid with other federal, state, or local grants/forgivable loans
- » Current per unit cap of \$200k per unit or \$215k if small cities project. IEDA is proposing to increase this cap.
- » Maximum award is the lesser of \$1 million maximum award OR up to \$15,000 per unit
- » Credits are transferrable (not refundable)

# Workforce Housing Tax Incentive program

- » Currently, program is not accepting applications as all FY2020 credits have been allocated.
- » Program was established as first come, first served. Recent legislation revised program to competitive.
- » Currently revising administrative rules to reflect legislative changes
- » Expect next application round in summer 2020. Most likely only for small cities program component.

# Community Development Block Grant (CDBG) program

- » Created in 1974. Funded through the U.S. Department of Housing and Urban Development (HUD)
- » Goal to “develop viable communities by providing decent housing and suitable living and expanding economic opportunities, principally for persons of low- and moderate-income.”
- » Eligible applicants are non-entitlement communities (under 50,000 in population) & counties
- » State of Iowa received \$23.9 million in 2019; IEDA administers funds

# Community Development Block Grant (CDBG) program

- » IEDA and IFA have released a new, draft 5-year Consolidated Plan for HUD.
  
- » This plan will revise the state's CDBG housing programs:
  - Increase the amount of CDBG funds spent on housing to 25% of annual allocation
  - Expand housing activities to include:
    - Upper story housing conversion/ rehabilitation in downtown areas
    - Revise housing rehabilitation program to more targeted improvements- Aging in place, energy efficiency & exterior improvement programs.
    - Down payment assistance

# Community Development Block Grant (CDBG) program

- » Plan changes will be effective in 2020. Communities can apply for funds in spring/summer 2020 (dates TBD)
- » IEDA will host a workshop in February 2019 to go over these revised housing programs & requirements
- » All federal CDBG requirements will apply to these housing programs.
- » Contact your regional COG/ planning commission for assistance with applying for funds, etc.

# Community Development Block Grant (CDBG) program

- » Draft 5-year Consolidated Plan with housing program descriptions can be found here:

<https://www.iowaeconomicdevelopment.com/our-agency-detail-resources/6501>

- » IEDA & IFA are still accepting comments on the draft plan



# Questions?

*Thank you for your interest in IEDA programs!*

Nichole Hansen  
Community Investments Team Leader

515.348.6215

[Nichole.hansen@iowaeda.com](mailto:Nichole.hansen@iowaeda.com)