

WORKFORCE HOUSING TAX INCENTIVES PROGRAM

Prior Law

The Workforce Housing Tax Incentives Program (WHTIP) allocates tax incentives to housing development projects across Iowa that meet specified requirements. Under WHTIP, the Iowa Economic Development Authority (IEDA) may allocate up to \$20 million to eligible projects. Projects must include four or more single-family dwelling units; one or more multiple dwelling units each containing three or more individual dwelling units; or two or more dwelling units located in the upper story of an existing multi-use building. Projects must also consist of the rehabilitation, repair, or redevelopment of a brownfield or grayfield site that results in new dwelling units; the rehabilitation, repair, or redevelopment of dilapidated dwelling units; or the rehabilitation, repair, or redevelopment of dwelling units located in the upper story of an existing multi-use building. The average dwelling unit cost for the project may not exceed \$200,000, unless the project is a qualifying rehabilitation project under the Historic Preservation Tax Credit program, in which case the average dwelling unit cost cannot exceed \$250,000. Each housing project is eligible for tax incentives equal to 10% of the qualifying new investment.

New Provisions

2017 Iowa Acts Senate File 488 creates a \$5 million set-aside for projects in small cities. A “small city” is a city located outside the 11 most populous counties in Iowa. If a small city is situated in more than one county, the small city’s location is determined by the county with the greatest taxable base.

Incentives are allocated to small city projects on a first-come, first-served basis. If the \$5 million cap is reached before all eligible projects receive incentives, the remaining projects will be placed on a wait list in the order the projects registered and will be given priority for tax incentives in succeeding fiscal years. If the maximum aggregate incentive amount for projects in small cities is not reached in a given fiscal year, IEDA may issue tax incentives to other eligible projects.

A small city housing project that consists of two or more single-family dwelling units rather than four single-family dwelling units is eligible if it is developed at a greenfield site. A “greenfield site” is a site other than a brownfield or grayfield site. A project located on previously undeveloped land or agricultural land is presumed to be a greenfield site. For a small city housing project, the average dwelling unit cost for the project may not exceed \$215,000. Each qualifying housing project located in a small city is eligible for tax incentives up to 20% of the qualifying new investment.

Sections Amended

Section 1 of 2017 Iowa Acts Senate File 488 amends Section 15.119, Code 2017. Section 2 amends Section 15.352, Code 2017. Sections 3, through 6 amend Section 15.353, Code 2017. Section 7 amends Section 15.354, Code 2017. Section 8 amends Section 15.355, Code 2017.

Effective Date_____

July 1, 2017