

AFFORDABLE HOMEOWNERSHIP

Iowa Finance Authority

The Iowa Finance Authority (IFA) offers affordable mortgage and down payment assistance programs for both first-time home buyers and those who have owned a home previously, in partnership with our local [Participating Lenders](#).

- [FirstHome program](#): Offers first-time home buyers affordable, fixed rate mortgages.
- [FirstHome Plus program](#): Offers pairing a grant of up to \$2,500 to help with down payment and closing costs with an affordable, fixed rate mortgage. An individual borrower is limited to one-time use of this program and the program is not available to borrowers who have previously used a Plus grant.
- [Homes for Iowans program](#): Offers both first-time and repeat Iowa home buyers affordable, fixed rate mortgages.
- [Homes for Iowans Plus program](#): Offers pairing a grant of up to \$2,500 to help with down payment and closing costs with an affordable, fixed rate mortgage. An individual borrower is limited to one-time use of this program and the program is not available to borrowers who have previously used a Plus grant.
- [Military Homeownership Assistance program](#): Provides eligible service members and veterans with a \$5,000 grant that may be used toward down payment and closing costs. Grant subject to a one-time use.

OTHER HOMEOWNERSHIP RESOURCES

- [Iowa Title Guaranty](#): Home buyers may request an Iowa Title Guaranty Owner's Certificate at loan closing. This Certificate protects the borrower's interest in the property's title, even after the home is sold. If a title defect is identified, Iowa Title Guaranty becomes the borrower's free legal defense. This coverage is available for free, so long as 1) the lender selects Iowa Title Guaranty Coverage; 2) the home is the borrower's primary residence; and 3) the home is valued at less than \$500,000.
- [Onsite Wastewater Assistance Program](#): If you purchase a home with a septic system, the Iowa Finance Authority's Water Quality Division can provide you with affordable financing for system repair or replacement.
- [HOME Program](#): Funds down payment and rehabilitation assistance programs administered by eligible non-profits and governmental entities ("Subrecipients") which in turn distribute funds to individual home buyers based on the Subrecipient's rules or guidelines. To access these funds, individual home buyers/owners should contact a Subrecipient for more information

AFFORDABLE RENTAL HOUSING

Iowa Finance Authority

Whether you're planning to develop new rental units, rehabilitate an existing building or manage a property, the Iowa Finance Authority may be able to help.

- [HOME Program](#): Low-interest loans and grants are available to developers of affordable single-family and multifamily housing developments through several HOME program funding categories.
- [Housing Tax Credit Program](#): Provides a federal tax credit incentive for project owners to invest in the development and preservation of rental housing for individuals and families with fixed or limited incomes.
- [Multifamily Loan Program](#): Seeks to preserve the existing supply of affordable rental units at risk of being lost and to foster the production of new affordable units in Iowa.
- [Project-Based Section 8](#): The Iowa Finance Authority provides administrative services to HUD to monitor performance of owners and management agents participating in project-based Housing Assistance Payments (HAP) Contracts under Section 8 of the United States Housing Act of 1937.
- [State Housing Trust Fund](#): Provides grants to advance and preserve affordable single-family and multifamily housing throughout the state.

CDBG HOUSING REHABILITATION FUND

Iowa Economic Development Authority

This annual competitive program assists communities in rehabilitating owner-occupied single-family homes used as principal residences.

The program is funded through the federal Community Development Block Grant (CDBG). The goal of this program is to provide economic opportunities for low- and moderate-income individuals.

- Rehabilitation projects have a maximum per unit subsidy of \$38,500, including but not limited to the hard costs of rehabilitation, technical services costs (including lead hazard reduction carrying costs) and temporary relocation
- Rehabilitation hard costs are limited to \$24,999 per unit
- Applicable technical services costs (including any lead hazard reduction carrying costs) are limited to \$5,500 per unit

ELIGIBILITY

- All houses must be rehabilitated in accordance with the IEDA's Iowa Housing Quality standards and any locally adopted building codes, standards, and ordinances when applicable.
- Projects must primarily benefit low- and moderate income persons (per the U.S. Department of Housing and Urban Development definition)

| | |
|------------------------------|----------------------------------|
| Application deadline: | January (annual) |
| Matching requirement: | 20% |
| Funding Available: | Annual allocation; Not specified |

For more information:

<https://www.iowaeconomicdevelopment.com/CDBG/CDBGHousing>

To review application instructions and apply for funds, go to:

www.iowagrants.gov

NUISANCE/ABANDONED PROPERTY REMEDIATION FUND

Iowa Economic Development Authority

This program provides financial assistance to help communities demolish or remediate buildings and structures that are a hazard to public health and safety.

- Funds may be utilized for residential, commercial or industrial structures
- May include properties at multiple sites and locations
- Interest rates for this loan program range from 0% to 2% and vary based on the term of the loan
- Loan terms may range from 12 to 60 months
- Loans available through this program do not have a minimum or maximum amount
- The Iowa Economic Development Authority evaluates loan requests and approves loan amounts based on application scoring and the amount of program funds available

ELIGIBILITY

- All buildings made part of the project must be documented as representing a public nuisance through abandonment, chronic building code violations or dilapidation that is hazardous to public health and safety
- Applicants must describe how demolition activities are tied to a community redevelopment effort
- All Iowa communities are eligible applicants

HOW TO APPLY

- Applications are accepted on an ongoing basis, as funds are available. Please contact program administrator to determine if funding is available
- Visit iowagrants.gov for application instructions and to apply for funds

EXTERNAL LINKS

- [Nuisance Property and Abandoned Building Remediation Program Administrative Rules](#)

For more information:

<https://www.iowaeconomicdevelopment.com/Community/Remediation>

WORKFORCE HOUSING TAX CREDIT (WHTC) PROGRAM

Iowa Economic Development Authority

This program provides tax benefits to developers to provide housing in Iowa communities, focusing especially on those projects using abandoned, empty or dilapidated properties.

A Small Cities set aside for this program is available to eligible projects within the 88- least populous counties in the state.

- Total program benefits limited to \$1 million per project
- The tax incentives include a refund of sales, service or use taxes paid during construction
- Developers may receive a state investment tax credit of up to 10% of the investment directly related to the construction or rehabilitation of the housing. Developers qualifying under the Small Cities set aside of this program may receive an **investment tax credit of up to 20% of the investment directly related to the construction or rehabilitation of the housing**. The state investment tax credit is fully transferable.
 - Federal, state or local grants, tax credits, forgivable loans or other assistance not requiring repayment cannot be included for the purposes of calculating new investment
- The tax credit is based on the new investment used for the first \$150,000 of value for each home or unit
 - Max \$30,000 in credits for each home or unit for Small Cities
 - Max \$15,000 in credits for each home in all other cities
- This tax credit is earned when the home or unit is certified for occupancy and can be carried forward for up to five additional years or until depleted, whichever occurs first

ELIGIBILITY

- Projects must meet one of four criteria:
 - Housing development located on a grayfield or brownfield site
 - Repair or rehabilitation of dilapidated housing stock
 - Upper story housing development
 - New construction in a greenfield (community with demonstrated workforce housing needs)
- The developer must build or rehabilitate at least four single-family homes or at least one multi-family building containing three or more units or at least two upper story units.
 - Can mix and match rehab and new build to reach minimums.
- Total project costs may not exceed \$200,000 per unit for new construction or \$250,000 per unit for historic rehabilitation.
- Total program benefits are limited to a maximum of \$1 million per recipient.
- The housing project must be completed within three years of award.
- IEDA must approve the developer's application for Workforce Housing Tax Credit prior to project initiation.

As a result of recent Iowa Administrative Code changes, IEDA is not accepting new Workforce Housing tax incentive applications until further notice.

The Workforce Housing Tax Credit program currently has a waitlist for credits. Available credits for fiscal years 2018-2020 and a portion of 2021 have been committed. Available credits under the Small Cities Set Aside have been committed through fiscal year 2022.

- Application deadline:** Open; funded projects announced at start of fiscal year (July)
- Matching requirement:** Local match of \$1,000 per unit (cash or equivalents local property tax exemption, rebate, refund, or reimbursement)
- Funding Limits:** \$ 1 million per recipient; must not exceed \$200,000 for new construction, \$215,000 in Small Cities; or \$250,000 for historic preservation in all cities
- Funding Available:** \$20 million with \$5 million set-aside for projects in designated Small Cities

For more information:

<https://www.iowaeconomicdevelopment.com/Community/WHTC>

DOWNTOWN REVITALIZATION FUND

Iowa Economic Development Authority

Community leaders can use this program to rehabilitate blighted downtown buildings.

The program is funded through the federal Community Development Block Grant program. The goal of this program is to provide economic opportunities for people, especially those of low- and moderate income.

Funding based on community population:

- Less than 300 can receive up to \$1,000 per capita
- Less than 1,000 can receive up to \$300,000
- 1,000 and above can receive up to \$500,000

Downtown Revitalization Fund

The CDBG Downtown Revitalization Fund provides grants to communities for a variety of projects and activities contributing to comprehensive revitalization in historic city centers. To date the program has primarily funded façade improvements to privately owned buildings. Grant applications are accepted through lowagrants.gov.

All incorporated cities and counties in the state of Iowa, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program.

Applications are evaluated on the following criteria:

- The project must meet the U.S. Department of Housing and Urban Development's Slum and Blight National Objective
 - To meet this objective, the application must document the extent or seriousness of deterioration in the area to be assisted, showing a clear adverse effect on the well-being of the area or community and illustrating that the proposed activity will alleviate or eliminate the conditions causing the deterioration
 - A comprehensive building survey as well as a city resolution is necessary to meet this national objective
- Positive impact on the community;
- Readiness to proceed with the proposed activity and likelihood that the activity can be completed in a timely fashion;
- Level of community support for a downtown revitalization effort;
- Degree to which downtown revitalization fund assistance would be leveraged by other funding sources and documentation of applicant efforts to secure the maximum amount of local support for the activity;
- Degree to which the activity meets or exceeds the minimum building and site design criteria established by IEDA to be eligible for funding;
- Level of planning completed for comprehensive downtown revitalization efforts.

Prior to submitting an application on IowaGrants.gov, you must contact Project Manager Ed Basch at Ed.basch@iowa.gov or 515.725.3012.

| | |
|------------------------------|---|
| Application deadline: | 5/17/2019 |
| Matching requirement: | No requirement, but suggest minimum 20% |
| Funding Available: | Annual allocation; Not specified |

For more information:

<https://www.iowaeconomicdevelopment.com/Community/DowntownFund>

REDEVELOPMENT TAX CREDITS PROGRAM FOR BROWNFIELD & GRAYFIELD SITES

Iowa Economic Development Authority

Developers in Iowa can receive tax credits for redeveloping properties known as brownfield and grayfield sites. Additional tax credits are available for projects that meet or exceed sustainable design standards as defined by state law.

Brownfield sites are abandoned, idled or underutilized industrial or commercial properties where real or perceived environmental contamination prevents productive expansion or redevelopment. Examples of brownfield sites include former gas stations, dry cleaners and other commercial operations that may have utilized products or materials potentially hazardous to the environment.

Grayfield sites are abandoned public buildings, industrial or commercial properties that are vacant, blighted, obsolete or otherwise underutilized. A grayfield 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.

This tax credit program is offered as a way to promote the economic health of communities by reducing environmental potential hazards, cleaning up eyesores, creating new jobs and boosting tax revenue.

- Tax credits of up to 24% for qualifying costs of a brownfield project and 30% if the project meets green building requirements
- Tax credits of up to 12% of qualifying costs of a grayfield project and 15% if the project meets green building requirements
- Program capped at \$10 million per fiscal year with a maximum award per project of \$1 million

ELIGIBILITY

- Applicant may be an individual, limited liability company, S corporation, non-profit, estate or trust
- Projects must meet the rules listed in the Iowa Redevelopment Tax Credit Program Rules Chapter 261.65.11 (15)

HOW TO APPLY

- Applications are accepted annually during the months of July and August with a September 1 deadline
- Visit taxcredit.iowa.gov to apply

For more information:

<https://www.iowaeconomicdevelopment.com/Community/brownfield>

USDA HOMEOWNERSHIP PROGRAMS

Low interest, fixed-rate Homeownership loans are provided to qualified persons directly by USDA Rural Development. Financing is also offered at fixed-rates and terms through a loan from a private financial institution and guaranteed by USDA Rural Development for qualified persons. Neither one of these home loan programs require a down payment.

USDA Rural Development also offers competitive grants to public and private non-profit Self-Help Housing organizations and Federally Recognized Tribes to enable hardworking families to build their own homes.

Rural Development Single Family Housing Programs:

- [Single Family Housing Direct Home Loans](#)
 - Also known as the Section 502 Direct Loan Program, this program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.
- [Single Family Housing Home Loan Guarantees](#)
 - This program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may build, rehabilitate, improve or relocate a dwelling in an eligible rural area. The program provides a 90% loan note guarantee to approved lenders in order to reduce the risk of extending 100% loans to eligible rural homebuyers.
- [Mutual Self-Help Housing Technical Assistance Grants](#)
 - Provides grants to qualified organizations to help them carry out local self-help housing construction projects. Grant recipients supervise groups of very-low- and low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other's homes, with technical assistance from the organization overseeing the project.
- [Rural Housing Site Loans](#)
 - Rural Housing site loans provide two types of loans to purchase and develop housing sites for low- and moderate-income families:
 - Section 523 loans are used to acquire and develop sites only for housing to be constructed by the Self-Help method. Refer to RD Instruction 1944-I for more information about the Self-Help program
 - Section 524 loans are made to acquire and develop sites for low- or moderate-income families, with no restriction as to the method of construction. Low-income is defined as between 50-80% of the area median income (AMI); the upper limit for moderate income is \$5,500 above the low-income limit
- [Single Family Housing Repair Loans and Grants](#)
 - This program provide funds to elderly and very-low-income homeowners to remove health and safety hazards, perform necessary repairs, improve or modernize a home, make homes accessible for people with disabilities, or make homes more energy efficient so these very-low-income families use less of their income on utility bills.

For more information:

<https://www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants>

<https://www.rd.usda.gov/files/RHS-DecisionMapInfographic.pdf>

STATE HISTORIC PRESERVATION TAX CREDIT PROGRAM

Iowa Economic Development Authority

This program offers tax credits to developers who sensitively rehabilitate historic buildings to offer them new life. Iowa offers this tax credit program to ensure character-defining features and spaces of buildings are retained to help create distinct and vibrant communities.

- State income tax credit of up to 25% of the qualified rehabilitation expenditures associated with the project
 - “Qualified rehabilitation expenditures” or “QREs” means the same as defined in Section 47 of the Internal Revenue Code
 - QREs generally include expenditures related to structural components of the building and some soft costs that would normally be charged to a capital account
 - QREs do not include expenditures financed by federal, state or local government grants or forgivable loans unless otherwise allowed under Section 47 of the Internal Revenue Code
- Tax credits are transferable
- Tax credits may be refunded or carried forward for five years or until depleted, whichever is earlier

ELIGIBILITY

- Building must be historically significant by meeting at least one of the following criteria:
 - Building is listed on the National Register of Historic Places or determined by the staff at the State Historic Preservation Office to be eligible for listing
 - Building is contributing to the significance of a historic district that is listed on or eligible to be listed on the National Register of Historic Places
 - Building is designated as a local landmark by city or county ordinance
 - Barn constructed before 1937 OR a barn that is listed on or eligible for listing on the National Register of Historic Places
- Project must include substantial rehabilitation, meeting one of the following criteria
 - If building is a commercial building, qualified rehabilitation expenditures must equal at least 50% value of the building (excluding land) before rehabilitation or \$50,000, whichever is less
 - If building is a non-commercial building, qualified rehabilitation expenditure must equal at least 25% of the assessed value of the building (excluding land) before rehabilitation or \$25,000, whichever is less
- Rehabilitation must meet the federal Secretary of the Interior’s Standards for Rehabilitation
- Only an eligible taxpayer may apply for the state tax credit
 - An “eligible taxpayer” is defined as the fee simple owner of the property or someone having a long-term lease, which meets the requirements of the federal rehabilitation credit
 - Applicant may be a nonprofit but may not be a governmental body

HOW TO APPLY

- Applications will be accepted through www.iowagrants.gov

- Registration applications for small projects (projects with qualifying expenses less than \$750,000) are accepted on an ongoing basis
- Registration applications for large projects (projects with qualifying expenses over \$750,000) are typically accepted twice per year
- The next Historic Preservation Tax Credit registration round for large projects will be held from May 1, 2019 through May 29, 2019. Applications must be submitted through www.iowagrants.gov.

Please note that this will be the only large project registration round held for FY 2020. Approximately \$29 million in tax credits are expected to be available. Please contact Dan Hansen with questions regarding this registration round at 515.348.6212 or via email at Daniel.hansen@iowaeda.com.

| | |
|------------------------------|--|
| Application due date: | Ongoing (less than \$750,000); May 29 th (greater than \$750,000) |
| Maximum award: | 25% Tax Credit |
| Matching requirement: | Not applicable |

For more information go to:

<https://www.nps.gov/tps/tax-incentives.htm>

[WEBINAR - Large Project Registration Webinar Recording](#)

FEDERAL HISTORIC TAX INCENTIVE PROGRAM

National Parks Service

A 20% income tax credit is available for the rehabilitation of historic, income-producing buildings that are determined by the Secretary of the Interior, through the National Park Service, to be “certified historic structures.” The State Historic Preservation Offices and the National Park Service review the rehabilitation work to ensure that it complies with the Secretary’s Standards for Rehabilitation. The Internal Revenue Service defines qualified rehabilitation expenses on which the credit may be taken. Owner-occupied residential properties do not qualify for the federal rehabilitation tax credit. Learn more about this credit before you apply.

Each year, Technical Preservation Services approves approximately 1200 projects, leveraging nearly \$6 billion annually in private investment in the rehabilitation of historic buildings across the country. Learn more about this credit in Historic Preservation Tax Incentives.

Some eligible items include:

- Walls
- Partitions
- Floors
- Ceilings
- Permanent coverings, such as paneling or tiles
- Windows and doors
- Components of central air conditioning or heating systems
- Plumbing and plumbing fixtures
- Electrical wiring and lighting fixtures
- Chimneys
- Stairs, escalators, elevators, sprinkler systems, fire escapes
- Other components related to the operation or maintenance of the building

Some ineligible items include:

- Appliances
- Cabinets
- Carpeting (if tacked in place and not glued)
- Decks (not part of original building)
- Demolition costs (removal of a building on property site)
- New construction costs or enlargement costs (increase in total volume)
- Fencing
- Feasibility studies
- Financing fees
- Furniture
- Landscaping
- Leasing expenses
- Outdoor lighting remote from building
- Parking lot
- Paving
- Planters
- Porches and porticos (not part of original building)
- Retaining walls
- Sidewalks
- Signage
- Storm sewer construction costs
- Window treatments

Application due date:
Maximum award:
Matching requirement:

Ongoing
20% Tax Credit
Not applicable

For more information go to:

<https://www.nps.gov/tps/tax-incentives.htm>

Tag words: federal, tax, incentive, program, credit, IRS, historic, preservation, interior, state, office, income, building, residential, income-producing

GENERAL OBLIGATION BONDS

General Obligation Bonds are governed by Chapter 384, Division III (for cities) and Chapter 331, Division IV, Part 3 (for counties) of the Code of Iowa. General obligation bonds are debts incurred by cities or counties that are repaid through property tax revenues. General obligation bonds can be issued for both “essential corporate/county purposes” and “general corporate/county purposes.”

“Essential” purposes, while varying between city and county regulations, usually include such projects as bridges, roads, water & sewer systems, and some urban renewal projects. “General” purposes also differ for cities and counties, but can include community centers, fire & police stations, and other public buildings.

Bonds for “essential” purposes can generally be issued without a public vote provided the amount of the bond does not exceed a maximum amount as specified in law for the population of the area served. However, bonds for “general” purposes usually require the approval of 60% of the affected voters in a special election.

Additionally, cities and counties have limitations on the amount of general obligation debt they can incur relative to their property valuation. For more information on general obligation bonds, see Chapters 331 and 384 of the Code of Iowa and contact your city or county attorney.

For more information, go to:

<https://www.legis.iowa.gov/docs/code/2019/384.pdf>

Tag words: general, obligation, bonds, tax exempt, streets, water, sewer, sanitary, collection, distribution, storage, electrical, sidewalks, storm, drainage, pools, trails, storm, drainage, retention, community, center, development, economic, extension, infrastructure, facility, facilities, building, city hall, village hall, fire, station, hall, libraries, senior, center, tax, exempt, park, safety, curbs, parking, arena, public, miscellaneous, betterment, first, class, second, village, splash, pad, downtown, revitalization, utility, utilities, building

LOCAL OPTION SALES TAX

Iowa Department of Revenue

Iowa has state sales tax of 6.00%, and allows local governments to collect a local option sales tax of up to 1.00%. There are a total of 603 local tax jurisdictions across the state, collecting an average local tax of 0.925%. All communities in Wayne County collect a additional 1% sales tax effectively making its sales tax 7%. Local option tax revenues can be expended for any lawful purpose.

A majority of voters at an election must approve the local option sales tax. There are two ways to get the issue of local option a sales tax on a ballot:

- A petition is presented to the county board of supervisors. The number of signatures must be equal to 5 percent of the persons in the county who voted in the preceding state general election. Eligible voters of the county must sign the petition.
- A motion or motions of governing bodies within the county that represent at least half of the population of the county.

The special election may only be held on one of the special election dates allowed by law for the jurisdiction. See Special Election Dates Calendar on the Secretary of State's Website. Local option sales tax elections cannot be held sooner than 84 days after the notice of the election is given to the county auditor by the county board of supervisors, and no sooner than 60 days after the notice of the ballot proposition is published by the auditor.

The question of repeal of the tax or of a rate change can also be voted upon at a general or special election as outlined above.

For more information, go to:

<https://tax.iowa.gov/iowa-local-option-tax-information>

TAX INCREMENT FINANCING (TIF)

The Iowa Urban Renewal Law allows cities and counties to use tax increment financing (TIF) to pay the cost of streets, water, sanitary and storm sewers and related public improvements for new housing development without limitation on either the price of the houses or the income levels of the prospective homeowners. The trade-off is that a percentage of the future tax increment revenues from the new homes (or some other income related to the project) must be used to provide housing assistance to families whose incomes are no greater than 80% of the median income in the county in which the project is located.

For more information, go to:

https://www.pdiowa.com/media/13136/901f0tif_for_housing.pdf

<https://dom.iowa.gov/city-tif-information>