

Senate Study Bill 1142 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BILL)

A BILL FOR

1 An Act relating to affordable housing, disaster housing
2 assistance, and redevelopment tax credits by creating an
3 Iowa housing tax credit program, modifying distribution of
4 real estate transfer taxes, modifying workforce housing tax
5 incentives, including a downtown loan guarantee program,
6 creating a disaster housing recovery assistance program and
7 an eviction prevention program, providing for a fee, and
8 including effective date and applicability provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

IOWA HOUSING TAX CREDIT PROGRAM

Section 1. NEW SECTION. 16.37A Definitions.

For purposes of this section and sections 16.37B through 16.37G, unless the context otherwise requires:

1. "*Compliance period*" means the period of fifteen years beginning with the first taxable year of the credit period.

2. "*Credit period*" means the period of ten tax years beginning with the tax year in which a qualified development is placed in service and the Iowa housing tax credit may be claimed. If a qualified development consists of more than one building, the qualified development is placed in service in the tax year in which the last building of the qualified development is placed in service.

3. "*Department*" means the Iowa department of revenue.

4. "*Qualified allocation plan*" means the qualified allocation plan adopted by the authority pursuant to section 42(m) of the Internal Revenue Code.

5. "*Qualified basis*" means the qualified basis determined under section 42(c)(1) of the Internal Revenue Code.

6. "*Qualified development*" means a qualified low-income housing project under section 42(g) of the Internal Revenue Code that is financed with tax-exempt bonds, pursuant to section 42(i)(2) of the Internal Revenue Code, and located in this state.

7. "*Taxpayer*" means an individual, a person, firm, corporation, or other entity that owns an interest, direct or indirect, in a qualified development and who claims a tax credit under section 16.37C.

Sec. 2. NEW SECTION. 16.37B Application — review — authorization.

1. The authority shall develop a system for the application, review, and authorization of Iowa housing tax credits awarded pursuant to this part and shall control the issuance of all tax credit certificates to taxpayers pursuant to this part.

1 2. Applications for Iowa housing tax credits shall be
2 accepted during an application period established by the
3 authority.

4 3. The authority may authorize the tax credit if all of the
5 following conditions are satisfied:

6 *a.* The tax credit certificate is issued to a taxpayer who
7 has an ownership interest in the qualified development.

8 *b.* The tax credit amount is allocated pursuant to a
9 qualified allocation plan.

10 *c.* The tax credit is necessary for the financial feasibility
11 of the qualified development.

12 *d.* The amount of the tax credit allocated to an owner
13 does not exceed thirty percent of the qualified basis of the
14 qualified development.

15 *e.* The qualified development is the subject of a recorded
16 restrictive covenant requiring that, for the compliance period
17 or for a longer period agreed to by the authority and the
18 owner of the qualified development, the development shall be
19 maintained and operated as a qualified development and shall be
20 in compliance with Tit. VIII of the federal Civil Rights Act of
21 1968, as amended.

22 4. Upon review of an application, the authority may approve
23 the qualified development for the tax credit program provided
24 in section 16.37C, and issue a tax credit certificate stating
25 the amount of the tax credit the authority determines the
26 taxpayer is eligible to claim for each year of the credit
27 period.

28 5. Unless otherwise provided in this section or the context
29 clearly requires otherwise, the authority shall determine
30 eligibility for a credit and allocate credits in accordance
31 with the standards and requirements set forth in section 42 of
32 the Internal Revenue Code.

33 6. An applicant that is unsuccessful in receiving a tax
34 credit award during an application period may make additional
35 applications during subsequent application periods. Such

1 applicants shall be required to submit a new application which
2 shall be reviewed in the same manner as other applications in
3 that application period.

4 Sec. 3. NEW SECTION. 16.37C Iowa housing tax credits —
5 limits.

6 1. An Iowa housing tax credit shall be allowed against
7 the taxes imposed in chapter 422, subchapters II, III, and V,
8 and in chapter 432, and against the moneys and credits tax
9 imposed in section 533.329, in the amount determined by the
10 authority pursuant to this part. Any tax credit in excess of
11 the taxpayer's liability for the tax year is not refundable but
12 may be credited to the tax liability for the following five
13 years or until depleted, whichever is earlier.

14 2. An individual may claim a tax credit under this section
15 of a partnership, limited liability company, S corporation,
16 estate, or trust electing to have income taxed directly to
17 the individual. The amount claimed by the individual shall
18 be based upon the pro rata share of the individual's earnings
19 from the partnership, limited liability company, S corporation,
20 estate, or trust.

21 3. In any calendar year, the aggregate amount of all tax
22 credits allocated by the authority shall not exceed fifteen
23 million dollars, plus the sum of the following amounts:

24 a. The total of all unallocated tax credits, if any, for the
25 preceding calendar years.

26 b. The total amount of all previously allocated tax credits
27 that have been recaptured, revoked, canceled, or otherwise
28 recovered by the authority.

29 4. a. To claim a tax credit under this section, a taxpayer
30 shall include one or more tax credit certificates issued by the
31 authority with the taxpayer's tax return.

32 b. The tax credit certificate shall contain the taxpayer's
33 name, address, tax identification number, the amount of the
34 credit including the amount the authority determines the
35 taxpayer is eligible to claim for each year of the credit

1 period, the name of the qualified development, any other
2 information required by the department of revenue, and a place
3 for the name and tax identification number of a transferee and
4 the amount of the tax credit being transferred.

5 c. Tax credit certificates issued under this section may
6 be transferred to any person or entity. Within ninety days
7 of transfer, the transferee shall submit the transferred tax
8 credit certificate to the authority along with a statement
9 containing the transferee's name, tax identification number,
10 and address, the denomination that each replacement tax credit
11 certificate is to carry, and any other information required by
12 the department of revenue.

13 d. Within thirty days of receiving the transferred tax
14 credit certificate and the transferee's statement, the
15 authority shall issue one or more replacement tax credit
16 certificates to the transferee. Each replacement tax credit
17 certificate must contain the information required for the
18 original tax credit certificate and must have the same
19 expiration date that appeared in the transferred tax credit
20 certificate. Tax credit certificate amounts of less than the
21 minimum amount established by rule of the authority shall not
22 be transferable.

23 e. A tax credit shall not be claimed by a transferee
24 under this section until a replacement tax credit certificate
25 identifying the transferee as the proper holder has been
26 issued. The transferee may use the amount of the tax credit
27 transferred against the taxes imposed in chapter 422,
28 subchapters II, III, and V, and in chapter 432, and against the
29 moneys and credits tax imposed in section 533.329, for any tax
30 year the original transferor could have claimed the tax credit.
31 Any consideration received for the transfer of the tax credit
32 shall not be included as income under chapter 422, subchapters
33 II, III, and V. Any consideration paid for the transfer of the
34 tax credit shall not be deducted from income under chapter 422,
35 subchapters II, III, and V.

1 **Sec. 4. NEW SECTION. 16.37D Recapture.**

2 1. As of the last day of any tax year during the compliance
3 period, if the amount of the qualified basis of a qualified
4 development owned by a taxpayer claiming the credit is less
5 than the amount of the qualified basis as of the last day of the
6 immediately preceding tax year, the amount of the taxpayer's
7 liability under chapter 422, subchapter II, III, or V, chapter
8 432, or section 533.329, as applicable, shall be increased by
9 the recapture amount determined using the method under section
10 42(j) of the Internal Revenue Code.

11 2. If a recapture event occurs, the taxpayer shall include
12 the recaptured proportion of the credit on the return submitted
13 for the tax year in which the recapture event is identified.

14 **Sec. 5. NEW SECTION. 16.37E Compliance monitoring.**

15 The authority shall monitor and oversee compliance with
16 sections 16.37A through 16.37D and shall report specific
17 occurrences of noncompliance to the department.

18 **Sec. 6. NEW SECTION. 16.37F Report to the general assembly.**

19 On or before January 31 of each year, the authority shall
20 submit to the general assembly a report that includes all of
21 the following:

22 1. A statement of the number of qualified developments for
23 which the authority issued tax certificates the prior year.

24 2. A description of each qualified development for which the
25 authority issued a tax certificate the prior year, including
26 the geographic location of the development, the household type
27 and any specific demographic information available concerning
28 the residents intended to be served by the development,
29 the income levels of residents intended to be served by the
30 development, and the rents or set-asides authorized for each
31 development.

32 **Sec. 7. NEW SECTION. 16.37G Rules.**

33 The authority and the department shall adopt rules pursuant
34 to chapter 17A as necessary for the implementation and
35 administration of this part.

1 Sec. 8. NEW SECTION. **422.10C Iowa housing tax credit.**

2 The taxes imposed under this subchapter, less the credits
3 allowed under section 422.12, shall be reduced by an Iowa
4 housing tax credit allowed under section 16.37C.

5 Sec. 9. Section 422.33, Code 2021, is amended by adding the
6 following new subsection:

7 NEW SUBSECTION. 17. The taxes imposed under this subchapter
8 shall be reduced by an Iowa housing tax credit as allowed under
9 section 16.37C.

10 Sec. 10. Section 422.60, Code 2021, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 14. The taxes imposed under this subchapter
13 shall be reduced by an Iowa housing tax credit as allowed under
14 section 16.37C.

15 Sec. 11. NEW SECTION. **432.12N Iowa housing tax credit.**

16 The taxes imposed under this chapter shall be reduced by an
17 Iowa housing tax credit allowed under section 16.37C.

18 Sec. 12. Section 533.329, subsection 2, Code 2021, is
19 amended by adding the following new paragraph:

20 NEW PARAGRAPH. 1. The moneys and credits tax imposed under
21 this section shall be reduced by an Iowa housing tax credit
22 allowed under section 16.37C.

23 Sec. 13. CODE EDITOR DIRECTIVE. The Code editor shall
24 designate sections 16.37A through 16.37G, as enacted by
25 this division of this Act, as a new part within chapter 16,
26 subchapter VII, and may redesignate the new and preexisting
27 parts, replace references to sections 16.37A through 16.37G
28 with references to the new part, and correct internal
29 references as necessary, including references in subchapter or
30 part headnotes.

31 Sec. 14. EFFECTIVE DATE. This division of this Act takes
32 effect January 1, 2022.

33 Sec. 15. APPLICABILITY. This division of this Act applies
34 to tax years beginning on or after January 1, 2022.

35

DIVISION II

1 HOUSING TRUST FUND

2 Sec. 16. Section 428A.8, subsection 3, Code 2021, is amended
3 by striking the subsection.

4 DIVISION III
5 WORKFORCE HOUSING TAX INCENTIVES

6 Sec. 17. Section 15.119, subsection 2, paragraph g, Code
7 2021, is amended to read as follows:

8 *g.* (1) The workforce housing tax incentives program
9 administered pursuant to [sections 15.351 through 15.356](#).
10 In allocating tax credits pursuant to [this subsection](#), the
11 authority shall not allocate more than twenty-five million
12 dollars for purposes of this paragraph. Of the moneys
13 allocated under this paragraph, ten million dollars shall be
14 reserved for allocation to qualified housing projects in small
15 cities, as defined in [section 15.352](#), that are registered on
16 or after July 1, 2017.

17 (2) (a) Notwithstanding subparagraph (1), in allocating
18 tax credits pursuant to this subsection for each fiscal
19 year of the period beginning July 1, 2021, and ending June
20 30, 2024, the authority shall not allocate more than fifty
21 million dollars for purposes of this paragraph. Of the moneys
22 allocated under this paragraph for each fiscal year of the
23 period beginning July 1, 2021, and ending June 30, 2024, twenty
24 million dollars shall be reserved for allocation to qualified
25 housing projects in small cities, as defined in section 15.352,
26 that are registered on or after July 1, 2017.

27 (b) This subparagraph is repealed July 1, 2024.

28 Sec. 18. Section 15.353, subsection 3, Code 2021, is amended
29 to read as follows:

30 3. ~~*a.* Except as provided in paragraph "b", the~~ The average
31 dwelling unit cost does not exceed two hundred thousand dollars
32 per dwelling unit an amount determined by the authority by
33 rule. In determining the average dwelling unit cost the
34 authority shall consider, at a minimum, building materials,
35 labor, site development, and land or property acquisition

1 costs.

2 ~~b. (1) The average dwelling unit cost does not exceed~~
3 ~~two hundred fifty thousand dollars per dwelling unit if the~~
4 ~~project involves the rehabilitation, repair, redevelopment,~~
5 ~~or preservation of property described in section 404A.1,~~
6 ~~subsection 8, paragraph "a".~~

7 ~~(2) The average dwelling unit cost for the project does not~~
8 ~~exceed two hundred fifteen thousand dollars per dwelling unit~~
9 ~~if the project is located in a small city.~~

10 Sec. 19. Section 15.354, subsection 3, paragraph d, Code
11 2021, is amended to read as follows:

12 d. Upon completion of a housing project, an a housing
13 business shall submit all of the following to the authority:

14 (1) An examination of the project in accordance with the
15 American institute of certified public accountants' statements
16 on standards for attestation engagements, completed by a
17 certified public accountant authorized to practice in this
18 state, shall be submitted to the authority.

19 (2) A statement of the final amount of qualifying new
20 investment for the housing project.

21 (3) Any information the authority deems necessary to ensure
22 compliance with the agreement signed by the housing business
23 pursuant to paragraph "a", the requirements of this part,
24 and rules the authority and the department of revenue adopt
25 pursuant to section 15.356.

26 Sec. 20. Section 15.354, subsection 3, paragraph e,
27 subparagraph (1), Code 2021, is amended to read as follows:

28 (1) Upon review of the examination, and verification of
29 the amount of the qualifying new investment, and review of
30 any other information submitted pursuant to paragraph "d",
31 subparagraph (3), the authority may notify the housing business
32 of the amount that the housing business may claim as a refund
33 of the sales and use tax under section 15.355, subsection 2,
34 and may issue a tax credit certificate to the housing business
35 stating the amount of workforce housing investment tax credits

1 under [section 15.355, subsection 3](#), the eligible housing
2 business may claim. The sum of the amount that the housing
3 business may claim as a refund of the sales and use tax and
4 the amount of the tax credit certificate shall not exceed the
5 amount of the tax incentive award.

6 Sec. 21. Section 15.354, subsection 6, paragraphs b and c,
7 Code 2021, are amended to read as follows:

8 *b.* Notwithstanding [subsection 1](#), the authority may accept
9 ~~applications for disaster recovery housing projects on a~~
10 ~~continuous basis~~ establish a disaster recovery application
11 period following the declaration of a major disaster by the
12 president of the United States for a county in Iowa.

13 *c.* Notwithstanding [subsection 2](#), paragraphs "*a*", "*b*", and
14 "*d*", upon ~~Upon~~ review of a housing business's application,
15 and scoring of all applications received during a disaster
16 recovery application period, the authority may make a tax
17 incentive award to a disaster recovery housing project. The
18 tax incentive award shall represent the maximum amount of tax
19 incentives that the disaster recovery housing project may
20 qualify for under the program. In determining a tax incentive
21 award, the authority shall not use an amount of project costs
22 that exceeds the amount included in the application of the
23 housing business. Tax incentive awards shall be approved by
24 the director of the authority.

25 Sec. 22. Section 15.355, subsection 2, Code 2021, is amended
26 to read as follows:

27 2. A housing business may claim a refund of the sales and
28 use taxes paid under [chapter 423](#) that are directly related to
29 a housing project and specified in the agreement. The refund
30 available pursuant to [this subsection](#) shall be as provided in
31 section 15.331A, excluding [subsection 2](#), paragraph "*c*", of
32 that section. For purposes of the program, the term "*project*
33 *completion*", as used in [section 15.331A](#), shall mean the date
34 on which the authority notifies the department of revenue that
35 all applicable requirements of ~~an~~ the agreement entered into

1 pursuant to section 15.354, subsection 3, paragraph "a", and
2 all applicable requirements of this part, including the rules
3 the authority and the department of revenue adopted pursuant to
4 section 15.356, are satisfied.

5 DIVISION IV

6 DOWNTOWN LOAN GUARANTEE PROGRAM

7 Sec. 23. NEW SECTION. 15.431 **Downtown loan guarantee**
8 **program.**

9 1. The economic development authority, in partnership with
10 the Iowa finance authority, shall establish and administer a
11 downtown loan guarantee program to encourage Iowa downtown
12 businesses and banks to reinvest and reopen following the
13 COVID-19 pandemic.

14 2. In order for a loan to be guaranteed, all of the
15 following conditions must be true:

16 a. The loan finances an eligible downtown resource center
17 community catalyst building remediation grant project or main
18 street Iowa challenge grant within a designated district.

19 b. The loan finances a rehabilitation project, or finances
20 acquisition or refinancing costs associated with the project.

21 c. At least twenty-five percent of the project costs are
22 used for construction on the project or renovation.

23 d. The project includes a housing component.

24 e. The loan is used for construction of the project,
25 permanent financing of the project, or both.

26 f. A federally insured financial lending institution issued
27 the loan.

28 g. The loan does not reimburse the borrower for working
29 capital, operations, or similar expenses.

30 h. The project meets downtown resource center and main
31 street Iowa design review.

32 3. a. For a loan amount less than or equal to five hundred
33 thousand dollars, the economic development authority may
34 guarantee up to fifty percent of the loan amount.

35 b. For a loan amount greater than five hundred thousand

1 dollars, the economic development authority may provide a
2 maximum loan guarantee of up to two hundred fifty thousand
3 dollars.

4 4. A project loan must be secured by a mortgage against the
5 project property.

6 5. The economic development authority may guarantee loans
7 for up to five years. The economic development authority
8 may extend the loan guarantee for an additional five years
9 if an underwriting review finds that an extension would be
10 beneficial.

11 6. The lender shall pay an annual loan guarantee fee as set
12 forth by rule.

13 7. The economic development authority reserves the right
14 to deny a loan guarantee for unreasonable bank loan fees or
15 interest rate.

16 8. The loan must not be insured or guaranteed by another
17 local, state, or federal guarantee program.

18 9. The loan guarantee is not transferable if the loan or the
19 project is sold or transferred.

20 10. In the event of a loss due to default, the loan
21 guarantee proportionally pays the guarantee percentage of the
22 loss to the lender.

23 11. Moneys for the program may consist of any moneys
24 appropriated by the general assembly for purposes of this
25 section, and any other moneys that are lawfully available to
26 the authority, including moneys transferred or deposited from
27 other funds created pursuant to section 15.106A, subsection 1,
28 paragraph "o".

29 DIVISION V

30 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM AND FUND

31 Sec. 24. NEW SECTION. 16.57A Transfer of unobligated or
32 unencumbered funds — report.

33 1. Notwithstanding any other provision of law to the
34 contrary, the authority may transfer any unobligated and
35 unencumbered moneys in any revolving loan program fund created

1 pursuant to section 16.46, 16.47, 16.48, or 16.49, for deposit
2 in the disaster recovery housing assistance fund created in
3 section 16.57B.

4 2. Notwithstanding section 8.39, and any other law to
5 the contrary, with the prior written consent and approval of
6 the governor, the executive director of the authority may
7 transfer any unobligated and unencumbered moneys in any fund
8 created pursuant to section 16.5, subsection 1, paragraph
9 "s", for deposit in the disaster recovery housing assistance
10 fund created in section 16.57B. The prior written consent and
11 approval of the director of the department of management shall
12 not be required to transfer the unobligated and unencumbered
13 moneys.

14 3. Notwithstanding section 8.39, and any other law to the
15 contrary, with the prior written approval of the governor, the
16 director of the economic development authority may transfer
17 any unobligated and unencumbered moneys in any fund created
18 pursuant to section 15.106A, subsection 1, paragraph "o",
19 for deposit in the disaster recovery housing assistance fund
20 created in section 16.57B.

21 4. Any transfer made under this section shall be reported in
22 the same manner as provided in section 8.39, subsection 5.

23 **Sec. 25. NEW SECTION. 16.57B Disaster recovery housing**
24 **assistance program — fund.**

25 1. *Definitions.* As used in this section, unless the context
26 otherwise requires:

27 a. "*Disaster-affected home*" means any of the following:

28 (1) A primary residence that is destroyed or damaged due
29 to a natural disaster that occurs on or after the effective
30 date of this division of this Act, and the primary residence is
31 located in a county that is the subject of a state of disaster
32 emergency proclamation by the governor that authorizes disaster
33 recovery housing assistance.

34 (2) A primary residence that is destroyed or damaged due to
35 a natural disaster that occurred on or after March 12, 2019,

1 but before the effective date of this division of this Act, and
2 is located in a county that has been declared a major disaster
3 by the president of the United States on or after March 12,
4 2019, but before the effective date of this division of this
5 Act, and is located in a county where individuals are eligible
6 for federal individual assistance.

7 *b. "Fund"* means the disaster recovery housing assistance
8 fund.

9 *c. "Local program administrator"* means any of the following:

10 (1) The cities of Ames, Cedar Falls, Cedar Rapids, Council
11 Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo,
12 and West Des Moines.

13 (2) A council of governments whose territory includes at
14 least one county that is the subject of a state of disaster
15 emergency proclamation by the governor that authorizes disaster
16 recovery housing assistance or the eviction prevention program
17 under section 16.57C on or after the effective date of this
18 division of this Act.

19 (3) A community action agency as defined in section 216A.91
20 and whose territory includes at least one county that is the
21 subject of a state of disaster emergency proclamation by the
22 governor that authorizes disaster recovery housing assistance
23 or the eviction prevention program under section 16.57C on or
24 after the effective date of this division of this Act.

25 (4) A qualified local organization or governmental entity
26 as determined by rules adopted by the authority.

27 *d. "Program"* means the disaster recovery housing assistance
28 program.

29 *e. "Replacement housing"* means housing purchased
30 by a homeowner or leased by a renter needed to replace
31 a disaster-affected home that is destroyed or damaged
32 beyond reasonable repair as determined by a local program
33 administrator.

34 *f. "State of disaster emergency"* means the same as described
35 in section 29C.6, subsection 1.

1 2. *Fund.*

2 a. (1) A disaster recovery housing assistance fund is
3 created within the authority. The moneys in the fund shall be
4 used by the authority for the development and operation of a
5 forgivable loan and grant program for homeowners and renters
6 with disaster-affected homes, and for the eviction prevention
7 program pursuant to section 16.57C.

8 (2) Notwithstanding section 12C.7, subsection 2, interest
9 or earnings on moneys deposited in the fund shall be credited
10 to the fund. Notwithstanding section 8.33, moneys credited to
11 the fund shall not revert at the close of a fiscal year.

12 b. Moneys transferred by the authority for deposit in the
13 fund, moneys appropriated to the fund, and any other moneys
14 available to and obtained or accepted by the authority for
15 placement in the fund shall be deposited in the fund.

16 c. The authority shall not use more than five percent of
17 the moneys in the fund on July 1 of a fiscal year for purposes
18 of administrative costs and other program support during the
19 fiscal year.

20 3. *Program.*

21 a. The authority shall establish and administer a disaster
22 recovery housing assistance program and shall use moneys in
23 the fund to award forgivable loans to eligible homeowners and
24 grants to eligible renters of disaster-affected homes. Moneys
25 in the fund may be expended following a state of disaster
26 emergency proclamation by the governor pursuant to section
27 29C.6 that authorizes disaster recovery housing assistance.

28 b. The authority may enter into an agreement with one or
29 more local program administrators to administer the program.

30 4. *Registration required.* To be considered for a forgivable
31 loan or grant under the program, a homeowner or renter must
32 register for the disaster case management program established
33 pursuant to section 29C.20B. The disaster case manager may
34 refer the homeowner or renter to the appropriate local program
35 administrator.

1 5. *Homeowners.*

2 a. To be eligible for a forgivable loan under the program,
3 all of the following requirements shall apply:

4 (1) The homeowner's disaster-affected home must have
5 sustained damage greater than the damage that is covered by the
6 homeowner's property and casualty insurance policy insuring the
7 home plus any other state or federal disaster-related financial
8 assistance that the homeowner is eligible to receive.

9 (2) A local program administrator must either deem the
10 disaster-affected home suitable for rehabilitation or damaged
11 beyond reasonable repair.

12 (3) The disaster-affected home is not eligible for buyout by
13 the county or city where the disaster-affected home is located,
14 or the disaster-affected home is eligible for a buyout by the
15 county or city where the disaster-affected home is located, but
16 the homeowner is requesting a forgivable loan for the repair
17 or rehabilitation of the homeowner's disaster-affected home in
18 lieu of a buyout.

19 (4) Assistance under the program must not duplicate
20 benefits provided by any local, state, or federal disaster
21 recovery assistance program.

22 b. If a homeowner is referred to the authority or to a
23 local program administrator by the disaster case manager of the
24 homeowner, the authority may award a forgivable loan to the
25 eligible homeowner for any of the following purposes:

26 (1) Repair or rehabilitation of the disaster-affected home.

27 (2) (a) Down payment assistance on the purchase of
28 replacement housing, and the cost of reasonable repairs to be
29 performed on the replacement housing to render the replacement
30 housing decent, safe, sanitary, and in good repair.

31 (b) Replacement housing shall not be located in a
32 one-hundred-year floodplain.

33 (c) For purposes of this subparagraph, "*decent, safe,*
34 *sanitary, and in good repair*" means the same as described in 24
35 C.F.R. §5.703.

1 *c.* The authority shall determine the interest rate for the
2 forgivable loan.

3 *d.* If a homeowner who has been awarded a forgivable loan
4 sells a disaster-affected home or replacement housing for which
5 the homeowner received the forgivable loan prior to the end
6 of the loan term, the remaining principal on the forgivable
7 loan shall be due and payable pursuant to rules adopted by the
8 authority.

9 6. *Renters.*

10 *a.* To be eligible for a grant under the program, all of the
11 following requirements shall apply:

12 (1) A local program administrator either deems
13 the disaster-affected home of the renter suitable for
14 rehabilitation but unsuitable for current short-term
15 habitation, or the disaster-affected home is damaged beyond
16 reasonable repair.

17 (2) Assistance under the program must not duplicate
18 benefits provided by any local, state, or federal disaster
19 recovery assistance program.

20 *b.* If a renter is referred to the authority or to a local
21 program administrator by the disaster case manager of the
22 renter, the authority may award a grant to the eligible renter
23 to provide short-term financial assistance for the payment of
24 rent for replacement housing.

25 7. *Report.* On or before January 31 of each year, the
26 authority shall submit a report to the general assembly
27 that identifies all of the following for the calendar year
28 immediately preceding the year of the report:

29 *a.* The date of each state of disaster emergency proclamation
30 by the governor that authorized disaster recovery housing
31 assistance under this section.

32 *b.* The total number of forgivable loans and grants awarded.

33 *c.* The total number of forgivable loans, and the amount of
34 each loan awarded for repair or rehabilitation.

35 *d.* The total number of forgivable loans, and the amount of

1 each loan, awarded for down payment assistance on the purchase
2 of replacement housing and the cost of reasonable repairs to be
3 performed on the replacement housing to render the replacement
4 housing decent, safe, sanitary, and in good repair.

5 e. The total number of grants, and the amount of each grant,
6 awarded for rental assistance.

7 f. The total number of forgivable loans and grants awarded
8 in each county in which at least one homeowner or renter has
9 been awarded a forgivable loan or grant.

10 g. Each local program administrator involved in the
11 administration of the program.

12 h. The total amount of forgivable loan principal repaid.

13 Sec. 26. NEW SECTION. 16.57C Eviction prevention program.

14 1. a. "*Eligible renter*" means a renter whose income meets
15 the qualifications of the program, who is at risk of eviction,
16 and who resides in a county that is the subject of a state of
17 disaster emergency proclamation by the governor that authorizes
18 the eviction prevention program.

19 b. "*Eviction prevention partner*" means a qualified local
20 organization or governmental entity as determined by rule by
21 the authority.

22 2. The authority shall establish and administer an eviction
23 prevention program. Under the eviction prevention program,
24 the authority shall award grants to eligible renters and to
25 eviction prevention partners for purposes of this section.
26 Grants may be awarded upon a state of disaster emergency
27 proclamation by the governor that authorizes the eviction
28 prevention program. Eviction prevention assistance shall be
29 paid out of the fund established in section 16.57B.

30 3. a. Grants awarded to eligible renters pursuant to this
31 section shall be used for short-term financial rent assistance
32 to keep eligible renters in the current residences of such
33 renters.

34 b. Grants awarded to eviction prevention partners pursuant
35 to this section shall be used to pay for rent or services

1 provided to eligible renters for the purpose of preventing the
2 eviction of eligible renters.

3 4. The authority may enter into an agreement with one or
4 more local program administrators to administer the program.

5 Sec. 27. NEW SECTION. 16.57D Rules.

6 The authority shall adopt rules pursuant to chapter 17A to
7 implement and administer this part, including rules to do all
8 of the following:

9 1. Establish the maximum forgivable loan and grant amounts
10 awarded under the program.

11 2. Establish the terms of any forgivable loan provided under
12 the program.

13 3. Income qualifications of eligible renters in the
14 eviction prevention program.

15 Sec. 28. CODE EDITOR DIRECTIVE. The Code editor shall
16 designate sections 16.57A through 16.57D, as enacted by
17 this division of this Act, as a new part within chapter 16,
18 subchapter VIII, and may redesignate the new and preexisting
19 parts, replace references to sections 16.57A through 16.57D
20 with references to the new part, and correct internal
21 references as necessary, including references in subchapter or
22 part headnotes.

23 Sec. 29. EFFECTIVE DATE. This division of this Act, being
24 deemed of immediate importance, takes effect upon enactment.

25 DIVISION VI

26 BROWNFIELDS AND GRAYFIELDS

27 Sec. 30. Section 15.119, subsection 3, Code 2021, is amended
28 to read as follows:

29 3. In allocating the amount of tax credits authorized
30 pursuant to [subsection 1](#) among the programs specified in
31 subsection 2, the authority shall not allocate more than ~~ten~~
32 twenty million dollars for purposes of [subsection 2](#), paragraph
33 "f".

34 Sec. 31. Section 15.293A, subsection 8, Code 2021, is
35 amended to read as follows:

1 8. **This section** is repealed on June 30, ~~2021~~ 2031.

2 Sec. 32. Section 15.293B, Code 2021, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 5A. *a.* Tax credits revoked under
5 subsection 3 including tax credits revoked up to five years
6 prior to the effective date of this Act, and tax credits
7 not awarded under subsection 4 or 5, may be awarded in the
8 next annual application period established in subsection 1,
9 paragraph "c".

10 *b.* Tax credits awarded pursuant to paragraph "a" shall not
11 be counted against the limit under section 15.119, subsection
12 3.

13 Sec. 33. Section 15.293B, subsection 7, Code 2021, is
14 amended to read as follows:

15 7. **This section** is repealed on June 30, ~~2021~~ 2031.

16 Sec. 34. EFFECTIVE DATE. The following, being deemed of
17 immediate importance, take effect upon enactment:

18 1. The section of this division of this Act amending section
19 15.293A, subsection 8.

20 2. The section of this division of this Act amending section
21 15.293B, subsection 7.

22 EXPLANATION

23 The inclusion of this explanation does not constitute agreement with
24 the explanation's substance by the members of the general assembly.

25 This bill relates to affordable housing, disaster housing
26 assistance, and redevelopment tax credits by creating an
27 Iowa housing tax credit program, modifying distribution of
28 real estate transfer taxes, modifying workforce housing tax
29 incentives, and creating a disaster housing recovery assistance
30 program, modifying redevelopment tax credits, and including
31 effective date and applicability provisions.

32 IOWA HOUSING TAX CREDIT PROGRAM. The bill creates an Iowa
33 housing tax credit program available against the individual and
34 corporate income taxes, franchise tax, insurance premium tax,
35 and moneys and credits tax.

1 The bill requires the Iowa finance authority (authority) to
2 develop a system for the application, review, and authorization
3 of Iowa housing tax credits. A tax credit may be claimed by
4 a taxpayer for a "qualified development" defined to mean a
5 qualified low-income housing project under section 42(g) of the
6 Internal Revenue Code that is financed by tax-exempt bonds.

7 An Iowa housing tax credit may be authorized by the authority
8 if all of the following apply: the tax credit is issued to
9 a taxpayer who has an ownership interest in the qualified
10 development; the tax credit amount is allocated pursuant to
11 a qualified allocation plan adopted by the authority; the
12 tax credit is necessary for the financial feasibility of the
13 qualified development; the amount of the tax credit allocated
14 to an owner does not exceed 30 percent of the qualified basis
15 of the qualified development; and the qualified development is
16 the subject of a recorded restrictive covenant requiring the
17 qualified development be maintained and operated as a qualified
18 development for a certain number of years.

19 The amount of an Iowa housing tax credit award is determined
20 by the authority and may be claimed during the credit period
21 (10 years), and any credit in excess of the taxpayer's
22 liability for the tax year is not refundable but may be
23 credited to the tax liability for the following five years.

24 In any calendar year, the bill limits the aggregate amount
25 of the tax credit to \$15 million plus the sum of the total of
26 unallocated tax credits from the preceding calendar year and
27 the previously allocated tax credits that have been revoked,
28 canceled, or recaptured.

29 A taxpayer shall claim the credit by including one or more
30 tax certificates issued by the authority with the taxpayer's
31 return. The bill allows a tax credit certificate to be
32 transferred to any person or entity. The bill requires the
33 transferee to submit the transferred tax credit certificate to
34 the authority within 90 days of the transfer, and requires the
35 authority to issue a replacement tax credit certificate within

1 30 days of receiving the transferred tax credit certificate.

2 The bill allows the authority to recapture tax credit
3 amounts from previously issued tax credits. The bill provides
4 that if on the last day of a taxable year during the compliance
5 period (15 years) the amount of the qualified basis of a
6 qualified development owned by a taxpayer claiming the credit
7 is less than the amount of the qualified basis as of the last
8 day of the immediately preceding tax year, then the amount of
9 the taxpayer's liability shall be increased by the recapture
10 amount determined using the method under section 42(j) of the
11 Internal Revenue Code. If a recapture event occurs, the bill
12 requires the taxpayer to include the recaptured amount on the
13 return submitted for the tax year in which the recapture event
14 is identified.

15 The bill requires the authority to submit a report to the
16 general assembly by January 31 each year, detailing the Iowa
17 housing tax credit program. The division takes effect January
18 1, 2022, and applies to tax years beginning on or after that
19 date.

20 HOUSING TRUST FUND. Currently, the treasurer of state
21 transfers 30 percent of real estate transfer tax receipts
22 received by the treasurer of state to the housing trust fund up
23 to \$3 million. The bill removes the \$3 million cap placed on
24 the transfer of the real estate transfer tax receipts to the
25 housing trust fund by the treasurer of state.

26 WORKFORCE HOUSING TAX INCENTIVES. Code section 15.119 sets
27 an aggregate tax credit amount limit for certain economic
28 development programs. Under current law, workforce housing
29 tax incentive programs administered under Code sections 15.351
30 through 15.356 shall not be allocated more than \$25 million
31 in tax credits, and of the tax credits allocated to these
32 programs, \$10 million of the tax credits is reserved for
33 allocation to qualified housing projects in small cities. The
34 bill increases the workforce housing tax credit allocations
35 from \$25 million to \$50 million. Of the moneys allocated

1 to workforce housing tax credits, the bill increases the tax
2 credits reserved for qualified housing projects in small
3 cities from \$10 million to \$20 million. The increased amounts
4 for workforce housing and small city tax credit allocations
5 established in the bill are repealed July 1, 2024.

6 The bill strikes the requirement that the average dwelling
7 unit costs of a proposed housing development not exceed certain
8 dollar amounts per dwelling unit in order to receive workforce
9 housing tax incentives. The bill allows the authority to set
10 the average dwelling unit costs by rule as a requirement for a
11 project to receive workforce housing tax incentives, based upon
12 building materials, labor, site development, and acquisition
13 costs.

14 Currently, upon completion of a housing project, a housing
15 business (housing developer, contractor, or nonprofit that
16 completes a housing project) submits an examination of the
17 project in accordance with the American institute of certified
18 public accountants to the authority. In addition to an
19 examination by certified public accountants, the bill requires
20 the housing business to submit the following to the authority
21 upon completion of a housing project: a statement of the
22 final amount of the qualifying new investment for the housing
23 project and any information the authority deems necessary to
24 ensure compliance with the agreement between the authority and
25 the housing business including any rules the authority and the
26 department of revenue adopt pursuant to Code section 15.356.
27 The bill also requires the authority to review the information
28 submitted by the housing business prior to notifying the
29 housing business of tax incentive awards.

30 The bill permits the authority to establish a disaster
31 housing recovery period following the declaration of a major
32 disaster by the president of the United States. Currently, the
33 authority may accept applications for disaster recovery housing
34 projects on a continuous basis.

35 DOWNTOWN LOAN GUARANTEE PROGRAM. The bill creates a

1 downtown loan guarantee program to be administered by the
2 economic development authority and the Iowa finance authority.
3 The purpose of the program is to encourage downtown businesses
4 and banks to reinvest and reopen following the COVID-19
5 pandemic.

6 In order for a loan to be guaranteed under the program,
7 numerous conditions apply, including the following: the loan
8 finances an eligible downtown resources center community
9 catalyst building remediation grant project or main street
10 Iowa challenge grant within a designated district; the loan
11 finances a rehabilitation project or acquisition or refinancing
12 costs associated with the project; 25 percent of the project
13 cost is used for construction on the project or renovation;
14 the financed project includes a housing component; the loan is
15 used for the construction or permanent financing of a project;
16 a federally insured financial lending institution issued the
17 loan; the loan does not reimburse the borrower for working
18 capital or operations; and the project meets certain design
19 reviews.

20 The bill requires the loan to be secured by a mortgage
21 against the project property, prohibits the loan guarantee to
22 be transferred, and charges the lender an annual loan guarantee
23 fee as set forth by rule.

24 The bill limits the amount of the loan guarantee as follows:
25 for a loan amount of less than or equal to \$500,000, the loan
26 guarantee shall not exceed 50 percent of the loan; for a loan
27 amount greater than \$500,000, the authority may provide a
28 maximum loan guarantee of up to \$250,000.

29 The authority may guarantee the loan for up to five years,
30 which may be extended by the authority for an additional five
31 years. The authority may also deny a loan guarantee for any
32 unreasonable bank loan fees or interest rate.

33 In the event of a loss due to default, the bill requires the
34 loan guarantee to proportionally pay the guarantee percentage
35 of the loss to the lender.

1 Moneys available for the program may consist of moneys
2 appropriated for use in the program, and any other moneys that
3 are lawfully available to the economic development authority,
4 including moneys transferred or deposited from other funds
5 created pursuant to Code section 15.106A(1)(o).

6 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — TRANSFERS.
7 The bill permits the authority to transfer unobligated moneys
8 in Code section 16.46 (senior living revolving loan program
9 fund), 16.47 (home and community-based services revolving loan
10 program fund), 16.48 (transitional housing revolving loan
11 program fund), or 16.49 (community housing and services for
12 persons with disabilities revolving loan program fund) to the
13 disaster recovery housing assistance fund created in the bill.

14 After the prior written consent and approval of the
15 governor, the bill permits the executive director of the Iowa
16 finance authority to transfer any unobligated moneys in any
17 fund created pursuant to Code section 16.5(1)(s), for deposit
18 in the fund. The bill waives the prior written consent and
19 approval of the director of the department of management to
20 transfer the unobligated moneys.

21 After prior written approval of the governor, the bill
22 permits the director of the Iowa economic development authority
23 to transfer any unobligated and unencumbered moneys in any fund
24 created pursuant to Code section 15.106A(1)(o), for deposit in
25 the fund.

26 The bill requires any transfer to be reported to the
27 legislative fiscal committee of the legislative council on a
28 monthly basis.

29 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — FUND. The
30 bill creates a disaster recovery housing assistance fund
31 (fund) within the authority. The purpose of the fund is for
32 the development and operation of a forgivable loan and grant
33 program for homeowners and renters with disaster-affected
34 homes, and for an eviction prevention program created in the
35 bill. The bill prohibits the authority from using more than

1 5 percent of the moneys in the fund on July 1 of a fiscal year
2 for purposes of administrative costs and other program support
3 during the fiscal year.

4 The bill directs the authority to establish and administer
5 a disaster recovery assistance program (program) and to
6 use the moneys in the fund to provide forgivable loans to
7 eligible homeowners and grants to eligible renters with
8 disaster-affected homes. "Disaster-affected home" is defined
9 in the bill as a primary residence that is destroyed or damaged
10 due to a natural disaster that occurs on or after the effective
11 date of the division, and that is located in a county that due
12 to the natural disaster is the subject of a state of disaster
13 emergency proclamation by the governor that authorizes disaster
14 recovery housing assistance; or a primary residence that is
15 destroyed or damaged due to a natural disaster that occurred
16 on or after March 12, 2019, but before the effective date of
17 the division, and is located in a county that has been declared
18 a major disaster by the president of the United States on or
19 after March 12, 2019, but before the effective date of the
20 division, and is located in a county where individuals are
21 eligible for federal individual assistance.

22 The authority may enter into an agreement with one or
23 more local program administrators to administer the program
24 and moneys in the fund may be expended following a state of
25 disaster emergency proclamation by the governor that authorizes
26 disaster recovery housing assistance or the eviction prevention
27 program. "Local program administrator" is defined in the bill
28 as cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs,
29 Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West
30 Des Moines; a council of governments whose territory includes
31 at least one county that is the subject of the state of
32 disaster emergency proclamation by the governor that authorizes
33 disaster recovery housing assistance or the eviction prevention
34 program; a community action agency as defined in Code section
35 216A.91 and whose territory includes at least one county that

1 is the subject of the state of disaster emergency proclamation
2 by the governor that authorizes disaster recovery housing
3 assistance or the eviction prevention program; or a qualified
4 local organization or governmental entity as determined by rule
5 by the authority.

6 To be considered for a forgivable loan or grant under the
7 program, the homeowner or renter must register for the disaster
8 case management program established pursuant to Code section
9 29C.20B. The disaster case manager may refer the homeowner or
10 renter to the appropriate local program administrator.

11 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — HOMEOWNERS.

12 To be eligible for a forgivable loan under the program,
13 the bill requires a homeowner to own a disaster-affected
14 home located in a county that has been proclaimed a state
15 of disaster emergency by the governor; the home must have
16 sustained damage greater than the damage that is covered by the
17 homeowner's property and casualty insurance policy insuring the
18 home plus any other state or federal disaster-related financial
19 assistance that the homeowner is eligible to receive; an
20 administrator must deem the home suitable for rehabilitation or
21 damaged beyond reasonable repair; if the homeowner is seeking
22 a forgivable loan for the repair or rehabilitation of the
23 homeowner's disaster-affected home, the home cannot be proposed
24 for buyout by the county or city in which the home is located,
25 or the disaster-affected home is eligible for a buyout, but
26 the homeowner is requesting a forgivable loan for the repair
27 or rehabilitation of the homeowner's disaster-affected home
28 in lieu of a buyout; and the assistance does not duplicate
29 benefits provided by other disaster assistance programs.

30 If a homeowner is referred to an administrator by the
31 homeowner's case manager, the bill allows the authority to
32 award a forgivable loan to the eligible homeowner for repair
33 or rehabilitation of the disaster-affected home, or for down
34 payment assistance on the purchase of replacement housing,
35 and the cost of reasonable repairs to be performed on the

1 replacement housing to render it decent, safe, sanitary, and
2 in good repair. Replacement housing purchased by a homeowner
3 cannot be located in a 100-year floodplain. "Decent, safe,
4 sanitary, and in good repair" is defined in the bill to mean
5 the same as described in 24 C.F.R. §5.703. "Replacement
6 housing" is defined in the bill as housing purchased by a
7 homeowner to replace a disaster-affected home that is destroyed
8 or damaged beyond reasonable repair as determined by a local
9 program administrator.

10 The authority shall determine the interest rate for the
11 forgivable loan.

12 If a homeowner who has been awarded a forgivable loan sells
13 a disaster-affected home or replacement housing for which the
14 homeowner received the forgivable loan prior to the end of the
15 loan term, the remaining principal on the forgivable loan shall
16 be due and payable.

17 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RENTERS.

18 To be eligible for a grant under the program, the bill
19 requires the local program administrator to either deem
20 the disaster-affected home of the renter suitable for
21 rehabilitation but unsuitable for current short-term
22 habitation, or damaged beyond reasonable repair; and the
23 assistance does not duplicate benefits provided by any other
24 disaster assistance program.

25 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — REPORT. The
26 bill requires the authority to annually submit a report to
27 the general assembly detailing the disaster recovery housing
28 assistance program.

29 EVICTION PREVENTION PROGRAM. The bill requires the
30 authority to establish and administer an eviction prevention
31 program. Under the eviction prevention program, the authority
32 awards grants from the disaster recovery housing assistance
33 fund to eligible renters and eviction prevention partners.
34 Grants may be awarded upon a state of disaster emergency
35 proclamation by the governor that authorizes the eviction

1 prevention program. The bill defines "eligible renter" to mean
2 a renter whose income meets the qualifications of the program,
3 who is at risk of eviction, and who resides in a county that
4 is the subject of a state of disaster emergency proclamation
5 by the governor that also authorizes the eviction prevention
6 program. The bill defines "eviction prevention partner" to
7 mean a qualified local organization or governmental entity as
8 determined by rule by the authority.

9 The bill requires grants awarded to eligible renters to be
10 used for short-term financial rent assistance to keep eligible
11 renters in the current residence of the renter. Grants awarded
12 to eviction prevention partners are to be used to pay for rent
13 or services provided to eligible renters for the purpose of
14 preventing the eviction of eligible renters.

15 DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RULES. The
16 authority shall adopt rules pursuant to Code chapter 17A to
17 implement and administer the program including establishing
18 the maximum forgivable loan and grant amounts, the terms of
19 forgivable loans, and income qualifications of eligible renters
20 in the eviction prevention program.

21 BROWNFIELD REDEVELOPMENT PROGRAM. Current law provides
22 that the economic development authority (authority) cannot
23 allocate more than \$10 million in tax credits in a fiscal year
24 to the brownfield redevelopment program (brownfields). The
25 division increases the maximum allocation to \$20 million. The
26 division provides that tax credits that are not awarded or
27 that are revoked (including revoked within the previous five
28 years) under brownfields may be awarded during the next annual
29 application period, and those tax credits do not count against
30 the \$20 million tax credit maximum. Under current law, Code
31 section 15.293A, redevelopment tax credits, is repealed on June
32 30, 2021. The division changes the repeal date to June 30,
33 2031, and the repeal date is effective upon enactment of the
34 division. Under current law, Code section 15.293B, related to
35 the application, review, registration, and authorization of

S.F. _____ H.F. _____

1 projects awarded tax credits under brownfields is repealed on
2 June 30, 2021. The division changes the repeal date to June
3 30, 2031, and the repeal date is effective upon enactment of
4 the division.