A BILL FOR

An Act relating to affordable housing, disaster housing assistance, and redevelopment tax credits by creating an Iowa housing tax credit program, modifying distribution of real estate transfer taxes, modifying workforce housing tax incentives, including a downtown loan guarantee program, creating a disaster housing recovery assistance program and an eviction prevention program, providing for a fee, and including effective date and applicability provisions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
S.F. ____ H.F. ____

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

3. The authority may authorize the tax credit if all of the following conditions are satisfied:
   a. The tax credit certificate is issued to a taxpayer who has an ownership interest in the qualified development.
   b. The tax credit amount is allocated pursuant to a qualified allocation plan.
   c. The tax credit is necessary for the financial feasibility of the qualified development.
   d. The amount of the tax credit allocated to an owner does not exceed thirty percent of the qualified basis of the qualified development.
   e. The qualified development is the subject of a recorded restrictive covenant requiring that, for the compliance period or for a longer period agreed to by the authority and the owner of the qualified development, the development shall be maintained and operated as a qualified development and shall be in compliance with Tit. VIII of the federal Civil Rights Act of 1968, as amended.

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

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

6. An applicant that is unsuccessful in receiving a tax credit award during an application period may make additional applications during subsequent application periods. Such
applicants shall be required to submit a new application which shall be reviewed in the same manner as other applications in that application period.

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

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

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

3. In any calendar year, the aggregate amount of all tax credits allocated by the authority shall not exceed fifteen million dollars, plus the sum of the following amounts:
   a. The total of all unallocated tax credits, if any, for the preceding calendar years.
   b. The total amount of all previously allocated tax credits that have been recaptured, revoked, canceled, or otherwise recovered by the authority.

4. a. To claim a tax credit under this section, a taxpayer shall include one or more tax credit certificates issued by the authority with the taxpayer's tax return.
   b. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the amount of the credit including the amount the authority determines the taxpayer is eligible to claim for each year of the credit.
period, the name of the qualified development, any other
information required by the department of revenue, and a place
for the name and tax identification number of a transferee and
the amount of the tax credit being transferred.
c. Tax credit certificates issued under this section may
be transferred to any person or entity. Within ninety days
of transfer, the transferee shall submit the transferred tax
credit certificate to the authority along with a statement
containing the transferee's name, tax identification number,
and address, the denomination that each replacement tax credit
certificate is to carry, and any other information required by
the department of revenue.
d. Within thirty days of receiving the transferred tax
credit certificate and the transferee's statement, the
authority shall issue one or more replacement tax credit
certificates to the transferee. Each replacement tax credit
certificate must contain the information required for the
original tax credit certificate and must have the same
expiration date that appeared in the transferred tax credit
certificate. Tax credit certificate amounts of less than the
minimum amount established by rule of the authority shall not
be transferable.
e. A tax credit shall not be claimed by a transferee
under this section until a replacement tax credit certificate
identifying the transferee as the proper holder has been
issued. The transferee may use the amount of the tax credit
transferred against the taxes imposed in chapter 422,
subchapters II, III, and V, and in chapter 432, and against the
moneys and credits tax imposed in section 533.329, for any tax
year the original transferor could have claimed the tax credit.
Any consideration received for the transfer of the tax credit
shall not be included as income under chapter 422, subchapters
II, III, and V. Any consideration paid for the transfer of the
tax credit shall not be deducted from income under chapter 422,
subchapters II, III, and V.
Sec. 4. NEW SECTION. 16.37D Recapture.

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

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

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

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

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

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

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

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

Sec. 7. NEW SECTION. 16.37G Rules.

The authority and the department shall adopt rules pursuant to chapter 17A as necessary for the implementation and 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
S.F. _____ H.F. _____

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

DIVISION III

WORKFORCE HOUSING TAX INCENTIVES

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

g. (1) The workforce housing tax incentives program
administered pursuant to sections 15.351 through 15.356.

In allocating tax credits pursuant to this subsection, the
authority shall not allocate more than twenty-five million
dollars for purposes of this paragraph. Of the moneys
allocated under this paragraph, ten million dollars shall be
reserved for allocation to qualified housing projects in small
cities, as defined in section 15.352, that are registered on
or after July 1, 2017.

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

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

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

3. a. Except as provided in paragraph “b”, the The average
dwelling unit cost does not exceed two hundred thousand dollars
per dwelling unit an amount determined by the authority by
rule. In determining the average dwelling unit cost the
authority shall consider, at a minimum, building materials,
labor, site development, and land or property acquisition
b. (1) The average dwelling unit cost does not exceed two hundred fifty thousand dollars per dwelling unit if the project involves the rehabilitation, repair, redevelopment, or preservation of property described in section 404A.1, subsection 8, paragraph “a”.

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

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

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

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

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

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

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

(1) Upon review of the examination, and verification of the amount of the qualifying new investment, and review of any other information submitted pursuant to paragraph “d”, subparagraph (3), the authority may notify the housing business of the amount that the housing business may claim as a refund of the sales and use tax under section 15.355, subsection 2, and may issue a tax credit certificate to the housing business stating the amount of workforce housing investment tax credits.
under section 15.355, subsection 3, the eligible housing business may claim. The sum of the amount that the housing business may claim as a refund of the sales and use tax and the amount of the tax credit certificate shall not exceed the amount of the tax incentive award.

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

b. Notwithstanding subsection 1, the authority may accept applications for disaster recovery housing projects on a continuous basis establish a disaster recovery application period following the declaration of a major disaster by the president of the United States for a county in Iowa.

c. Notwithstanding subsection 2, paragraphs “a”, “b”, and “d”, upon review of a housing business’s application, and scoring of all applications received during a disaster recovery application period, the authority may make a tax incentive award to a disaster recovery housing project. The tax incentive award shall represent the maximum amount of tax incentives that the disaster recovery housing project may qualify for under the program. In determining a tax incentive award, the authority shall not use an amount of project costs that exceeds the amount included in the application of the housing business. Tax incentive awards shall be approved by the director of the authority.

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

2. A housing business may claim a refund of the sales and use taxes paid under chapter 423 that are directly related to a housing project and specified in the agreement. The refund available pursuant to this subsection shall be as provided in section 15.331A, excluding subsection 2, paragraph “c”, of that section. For purposes of the program, the term “project completion”, as used in section 15.331A, shall mean the date on which the authority notifies the department of revenue that all applicable requirements of an agreement entered into
pursuant to section 15.354, subsection 3, paragraph “a”, and all applicable requirements of this part, including the rules the authority and the department of revenue adopted pursuant to section 15.356, are satisfied.

DIVISION IV
DOWNTOWN LOAN GUARANTEE PROGRAM
Sec. 23. NEW SECTION. 15.431 Downtown loan guarantee program.

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

2. In order for a loan to be guaranteed, all of the following conditions must be true:
   a. The loan finances an eligible downtown resource center community catalyst building remediation grant project or main street Iowa challenge grant within a designated district.
   b. The loan finances a rehabilitation project, or finances acquisition or refinancing costs associated with the project.
   c. At least twenty-five percent of the project costs are used for construction on the project or renovation.
   d. The project includes a housing component.
   e. The loan is used for construction of the project, permanent financing of the project, or both.
   f. A federally insured financial lending institution issued the loan.
   g. The loan does not reimburse the borrower for working capital, operations, or similar expenses.
   h. The project meets downtown resource center and main street Iowa design review.

3. a. For a loan amount less than or equal to five hundred thousand dollars, the economic development authority may guarantee up to fifty percent of the loan amount.
   b. For a loan amount greater than five hundred thousand
dollars, the economic development authority may provide a maximum loan guarantee of up to two hundred fifty thousand dollars.

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

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

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

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

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

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

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

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

DIVISION V

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM AND FUND

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

1. Notwithstanding any other provision of law to the contrary, the authority may transfer any unobligated and unencumbered moneys in any revolving loan program fund created
pursuant to section 16.46, 16.47, 16.48, or 16.49, for deposit in the disaster recovery housing assistance fund created in section 16.57B.

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

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

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

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

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

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

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

   (2) A primary residence that is destroyed or damaged due to a natural disaster that occurred on or after March 12, 2019,
but before the effective date of this division of this Act, and
is located in a county that has been declared a major disaster
by the president of the United States on or after March 12,
2019, but before the effective date of this division of this
Act, and is located in a county where individuals are eligible
for federal individual assistance.

b. "Fund" means the disaster recovery housing assistance

fund.

c. "Local program administrator" means any of the following:
(1) The cities of Ames, Cedar Falls, Cedar Rapids, Council
Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo,
and West Des Moines.
(2) A council of governments whose territory includes at
least one county that is the subject of a state of disaster
emergency proclamation by the governor that authorizes disaster
recovery housing assistance or the eviction prevention program
under section 16.57C on or after the effective date of this
division of this Act.
(3) A community action agency as defined in section 216A.91
and whose territory includes at least one county that is the
subject of a state of disaster emergency proclamation by the
governor that authorizes disaster recovery housing assistance
or the eviction prevention program under section 16.57C on or
after the effective date of this division of this Act.
(4) A qualified local organization or governmental entity
as determined by rules adopted by the authority.

d. "Program" means the disaster recovery housing assistance

program.

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

f. "State of disaster emergency" means the same as described
in section 29C.6, subsection 1.
2. Fund.
   a. (1) A disaster recovery housing assistance fund is created within the authority. The moneys in the fund shall be used by the authority for the development and operation of a forgivable loan and grant program for homeowners and renters with disaster-affected homes, and for the eviction prevention program pursuant to section 16.57C.
   (2) Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund. Notwithstanding section 8.33, moneys credited to the fund shall not revert at the close of a fiscal year.
   b. Moneys transferred by the authority for deposit in the fund, moneys appropriated to the fund, and any other moneys available to and obtained or accepted by the authority for placement in the fund shall be deposited in the fund.
   c. The authority shall not use more than five percent of the moneys in the fund on July 1 of a fiscal year for purposes of administrative costs and other program support during the fiscal year.

3. Program.
   a. The authority shall establish and administer a disaster recovery housing assistance program and shall use moneys in the fund to award forgivable loans to eligible homeowners and grants to eligible renters of disaster-affected homes. Moneys in the fund may be expended following a state of disaster emergency proclamation by the governor pursuant to section 29C.6 that authorizes disaster recovery housing assistance.
   b. The authority may enter into an agreement with one or more local program administrators to administer the program.

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

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

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

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

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

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

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

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

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

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

(c) For purposes of this subparagraph, "decent, safe, sanitary, and in good repair" means the same as described in 24 C.F.R. §5.703.
c. The authority shall determine the interest rate for the forgivable loan.

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

6. Renters.

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

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

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

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

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

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

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

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

d. The total number of forgivable loans, and the amount of
each loan, awarded for down payment assistance on the purchase of replacement housing and the cost of reasonable repairs to be performed on the replacement housing to render the replacement housing decent, safe, sanitary, and in good repair.

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

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

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

h. The total amount of forgivable loan principal repaid.

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

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

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

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

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

b. Grants awarded to eviction prevention partners pursuant 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:
8. This section is repealed on June 30, 2021 2031.

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

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

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

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

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

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

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

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

EXPLANATION

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

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

IOWA HOUSING TAX CREDIT PROGRAM. The bill creates an Iowa
housing tax credit program available against the individual and
corporate income taxes, franchise tax, insurance premium tax,
and moneys and credits tax.
The bill requires the Iowa finance authority (authority) to develop a system for the application, review, and authorization of Iowa housing tax credits. A tax credit may be claimed by a taxpayer for a "qualified development" defined to mean a qualified low-income housing project under section 42(g) of the Internal Revenue Code that is financed by tax-exempt bonds.

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

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

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

A taxpayer shall claim the credit by including one or more tax certificates issued by the authority with the taxpayer's return. The bill allows a tax credit certificate to be transferred to any person or entity. The bill requires the transferee to submit the transferred tax credit certificate to the authority within 90 days of the transfer, and requires the authority to issue a replacement tax credit certificate within
30 days of receiving the transferred tax credit certificate. The bill allows the authority to recapture tax credit amounts from previously issued tax credits. The bill provides that if on the last day of a taxable year during the compliance period (15 years) the amount of the qualified basis of a qualified development owned by a taxpayer claiming the credit is less than the amount of the qualified basis as of the last day of the immediately preceding tax year, then the amount of the taxpayer's liability shall be increased by the recapture amount determined using the method under section 42(j) of the Internal Revenue Code. If a recapture event occurs, the bill requires the taxpayer to include the recaptured amount on the return submitted for the tax year in which the recapture event is identified.

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

Housing Trust Fund. Currently, the treasurer of state transfers 30 percent of real estate transfer tax receipts received by the treasurer of state to the housing trust fund up to $3 million. The bill removes the $3 million cap placed on the transfer of the real estate transfer tax receipts to the housing trust fund by the treasurer of state.

Workforce Housing Tax Incentives. Code section 15.119 sets an aggregate tax credit amount limit for certain economic development programs. Under current law, workforce housing tax incentive programs administered under Code sections 15.351 through 15.356 shall not be allocated more than $25 million in tax credits, and of the tax credits allocated to these programs, $10 million of the tax credits is reserved for allocation to qualified housing projects in small cities. The bill increases the workforce housing tax credit allocations from $25 million to $50 million. Of the moneys allocated
to workforce housing tax credits, the bill increases the tax credits reserved for qualified housing projects in small cities from $10 million to $20 million. The increased amounts for workforce housing and small city tax credit allocations established in the bill are repealed July 1, 2024.

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

Currently, upon completion of a housing project, a housing business (housing developer, contractor, or nonprofit that completes a housing project) submits an examination of the project in accordance with the American institute of certified public accountants to the authority. In addition to an examination by certified public accountants, the bill requires the housing business to submit the following to the authority upon completion of a housing project: a statement of the final amount of the qualifying new investment for the housing project and any information the authority deems necessary to ensure compliance with the agreement between the authority and the housing business including any rules the authority and the department of revenue adopt pursuant to Code section 15.356.

The bill also requires the authority to review the information submitted by the housing business prior to notifying the housing business of tax incentive awards.

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

DOWNTOWN LOAN GUARANTEE PROGRAM. The bill creates a
downtown loan guarantee program to be administered by the economic development authority and the Iowa finance authority. The purpose of the program is to encourage downtown businesses and banks to reinvest and reopen following the COVID-19 pandemic.

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

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

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

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

In the event of a loss due to default, the bill requires the loan guarantee to proportionally pay the guarantee percentage of the loss to the lender.
Moneys available for the program may consist of moneys appropriated for use in the program, and any other moneys that are lawfully available to the economic development authority, including moneys transferred or deposited from other funds created pursuant to Code section 15.106A(1)(o).

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — TRANSFERS.

The bill permits the authority to transfer unobligated moneys in Code section 16.46 (senior living revolving loan program fund), 16.47 (home and community-based services revolving loan program fund), 16.48 (transitional housing revolving loan program fund), or 16.49 (community housing and services for persons with disabilities revolving loan program fund) to the disaster recovery housing assistance fund created in the bill.

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

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

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

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — FUND. The bill creates a disaster recovery housing assistance fund (fund) within the authority. The purpose of the fund is for the development and operation of a forgivable loan and grant program for homeowners and renters with disaster-affected homes, and for an eviction prevention program created in the bill. The bill prohibits the authority from using more than
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5 percent of the moneys in the fund on July 1 of a fiscal year for purposes of administrative costs and other program support during the fiscal year.

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

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

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

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — HOMEOWNERS.

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

If a homeowner is referred to an administrator by the homeowner’s case manager, the bill allows the authority to award a forgivable loan to the eligible homeowner for repair or rehabilitation of the disaster-affected home, or for down payment assistance on the purchase of replacement housing, and the cost of reasonable repairs to be performed on the
replacement housing to render it decent, safe, sanitary, and in good repair. Replacement housing purchased by a homeowner cannot be located in a 100-year floodplain. "Decent, safe, sanitary, and in good repair" is defined in the bill to mean the same as described in 24 C.F.R. §5.703. "Replacement housing" is defined in the bill as housing purchased by a homeowner to replace a disaster-affected home that is destroyed or damaged beyond reasonable repair as determined by a local program administrator.

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

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

DISASTER RECOVERY HOUSING ASSISTANCE PROGRAM — RENTERS. To be eligible for a grant under the program, the bill requires the local program administrator to either deem the disaster-affected home of the renter suitable for rehabilitation but unsuitable for current short-term habitation, or damaged beyond reasonable repair; and the assistance does not duplicate benefits provided by any other disaster assistance program.

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

EVICTION PREVENTION PROGRAM. The bill requires the authority to establish and administer an eviction prevention program. Under the eviction prevention program, the authority awards grants from the disaster recovery housing assistance fund to eligible renters and eviction prevention partners. Grants may be awarded upon a state of disaster emergency proclamation by the governor that authorizes the eviction
prevention program. The bill defines “eligible renter” to mean a renter whose income meets the qualifications of the program, who is at risk of eviction, and who resides in a county that is the subject of a state of disaster emergency proclamation by the governor that also authorizes the eviction prevention program. The bill defines “eviction prevention partner” to mean a qualified local organization or governmental entity as determined by rule by the authority.

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

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

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