



# Economic Development Appropriations Subcommittee February 26, 2020

Debi Durham | Director  
Iowa Finance Authority | Iowa Economic Development Authority

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**OUR CORE VALUES:**

- INNOVATIVE** - We inspire people with our ideas, turn those ideas into reality and know how to replicate success
- MISSION ORIENTED** - We keep a constant focus on the Iowans our programs benefit
- PURPOSEFUL** - We nurture a culture of outstanding work, collaboration and diligence
- ACCOUNTABLE** - We accept responsibility, are trustworthy in our commitments, respectful to one another, and transparent in our actions
- CUSTOMER SERVICE FOCUS** - We are courteous, responsive and respectful and serve as a reliable resource for our clients and constituents
- THOUGHT LEADERS** - We are imaginative visionaries who find creative ways to reveal opportunities and leverage data to help drive decisions

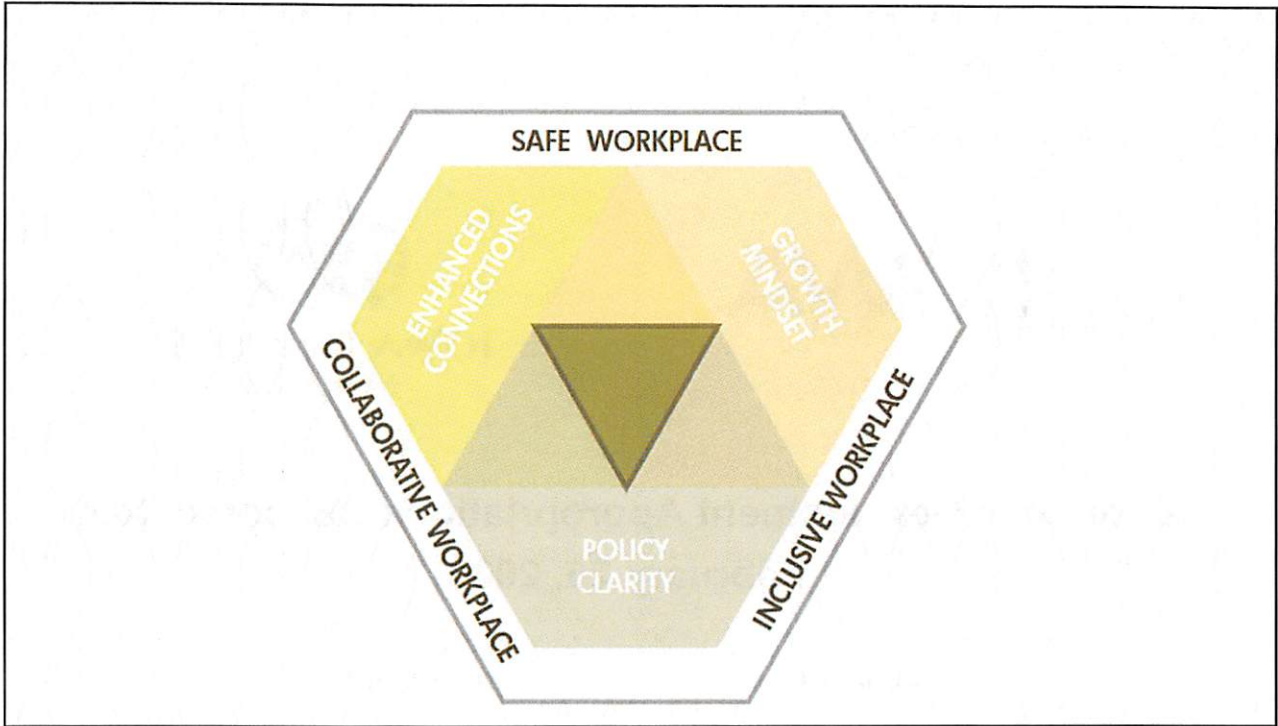
**OUR PURPOSE:**  
ENHANCE THE QUALITY OF LIFE FOR IOWANS

**IFA FOCUS:**  
MAKING AFFORDABLE FINANCING POSSIBLE FOR HOME AND COMMUNITY

**IEDA FOCUS:**  
MAKING IOWA THE CHOICE FOR PEOPLE AND BUSINESS

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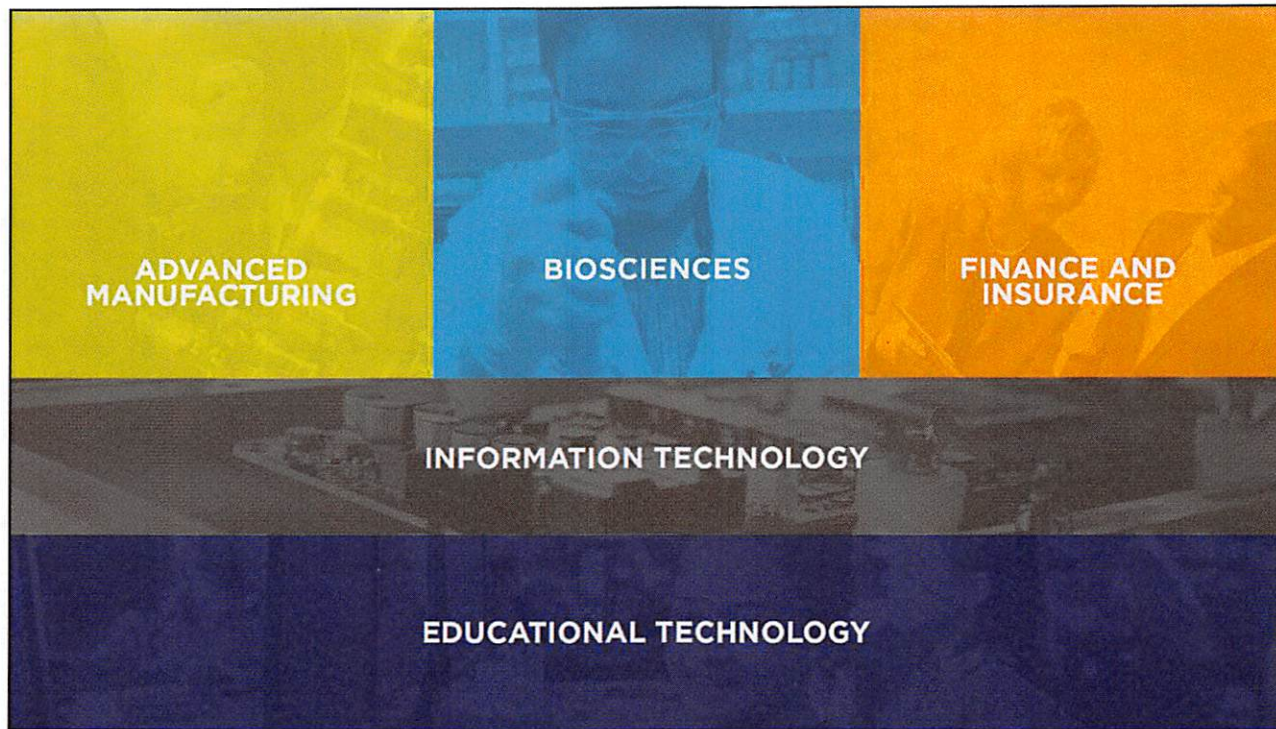
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**Make Iowa the choice for both people and business.**

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## Innovation in Education

### EdTech Development

- Launched in October after a comprehensive study of Iowa's unique opportunity to capitalize on the economic growth potential
- Iowa EdTech Accelerator launching March 2, 2020
  - Operated by NewBoCo
  - 4 Iowa companies selected in first cohort
  - Programming runs till June 5
  - Cohort to be housed at the ACT campus in Iowa City






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# Supporting Adoption of Automation

## Manufacturing 4.0

- TEconomy Partners selected to facilitate research & development of Iowa Manufacturing Plan 4.0.
- Developing action plan to help address challenges with digital transformation:
  - Industry driven, collective input across all industry sub-sectors
  - Knowing where to start with tech adoption
  - Ensuring a digitally enabled supply chain
  - Workforce training
- Industrial Internet of Things (IIoT)
  - More autonomous systems to be in communication with each other, driving improved value for operations and customers
  - Data analytics that can be leveraged for more bottom-line value
  - As instrumentation and devices are more and more connected through IIoT, cybersecurity will be important, especially when connecting into a global supply chain

MADE IN

Business Record

### TOLLAKSON CHASES HIS DREAM TWO WHEELS AT A TIME

**10thth manufacturer Rutter Sports crafts custom bikes for world-class triathletes**

*By Dan Dillman*  
*Special Staff Writer Business Record*

When you've been building custom bikes for 20 years, you know your customer's needs. You know what they want, and you know how to make it happen. That's the secret to success in the custom bike industry, says Dan Dillman, a triathlete and owner of Rutter Sports, a custom bike manufacturer in Iowa. Dillman says that the key to success is to listen to your customer and to be willing to go to any length to make their dream a reality. "I've built bikes for some of the world's best triathletes, and I know what it's like to have a customer who's passionate about their sport and who wants the best possible bike," he says. "I've built bikes for some of the world's best triathletes, and I know what it's like to have a customer who's passionate about their sport and who wants the best possible bike," he says.



*Tollakson, Rutter Sports*  
*Photos by Dan Dillman*

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## (Re)Training Workforce

### STEM & Student Internship Programs

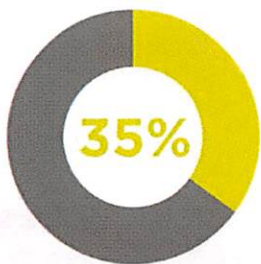
- 70 manufacturers hired 223 interns in FY19

### Future Ready Iowa

- Iowa Apprenticeship Act (15B)
- Registered Apprenticeship Development Fund (15C.1)
- Work-based Learning Clearinghouse

### Proposed Expanded Registered Apprenticeship Opportunities (15C.2)

- \$600,000 requested in Governor's budget
- Supporting Registered Apprenticeships in high-demand occupations
- Programs with 20 apprentices or fewer



**35%**

**OVER ONE-THIRD SAY**  
 INTERNSHIP OR APPRENTICESHIP AVAILABILITY IS IMPORTANT TO DECIDING WHERE THEY LIVE

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## Supporting Iowa's Innovation Ecosystem


### Innovation Fund Tax Credit

- Certifies eligible funds that invest in innovative Iowa companies, qualifying their individual investors for tax credits

### Angel Investor Tax Credits

- Incentivizes those investing in venture funding, especially at seed capital stage

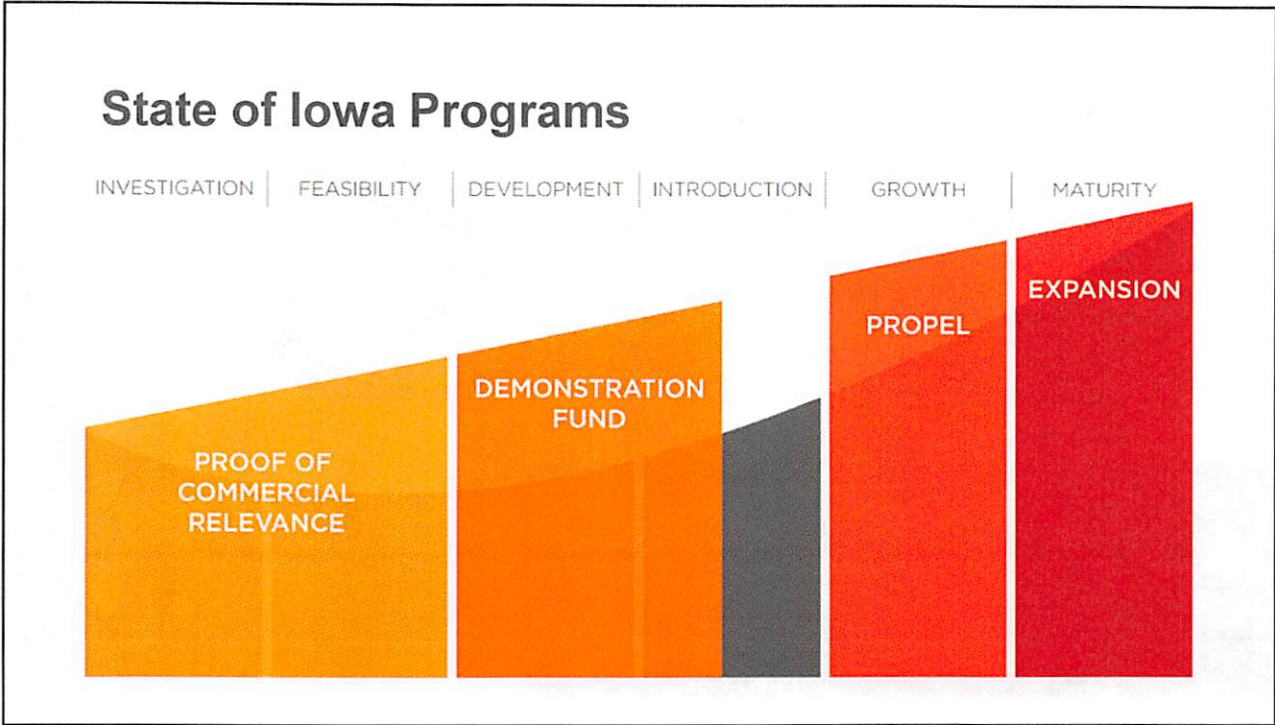
Allow IEDA board to move up to \$2 million from Innovation Fund allocation (currently \$8 million) to Angel Investor allocation (currently \$2 million and oversubscribed for the last two fiscal years)



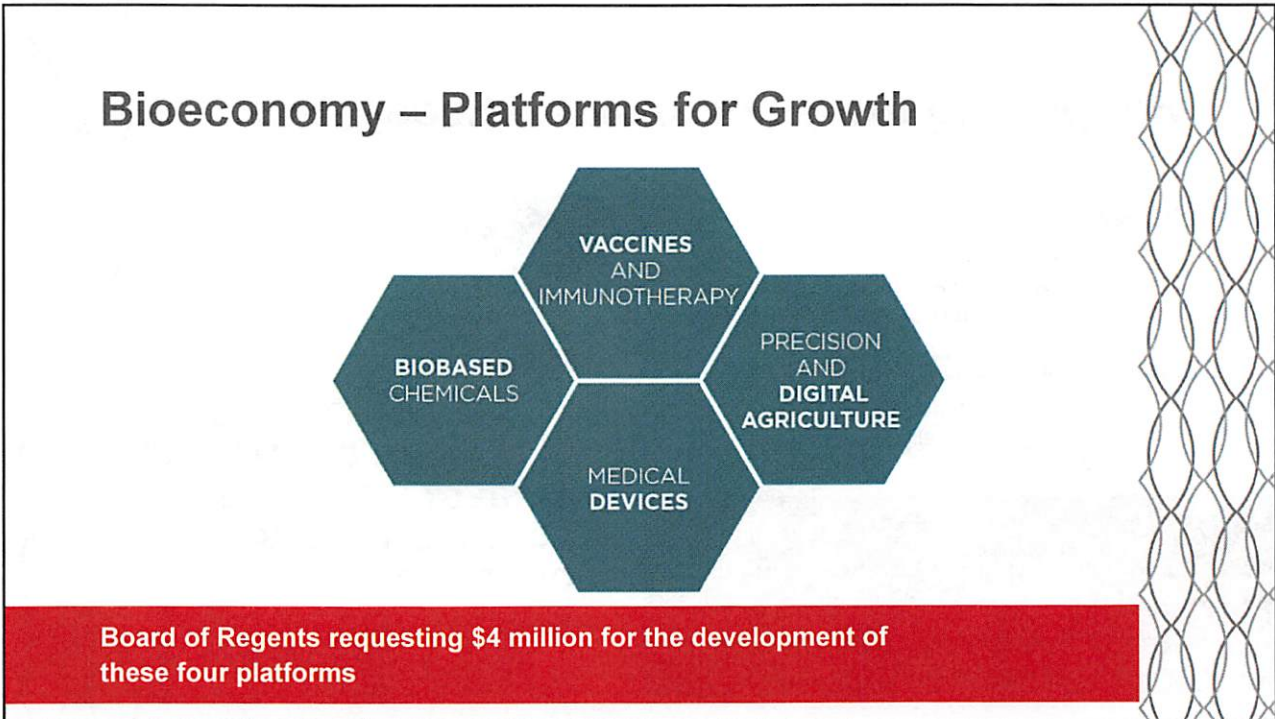
**IOWA RECOGNIZED AS "INNOVATION CHAMPION" AND "BEST & BRIGHTEST" IN 2020 U.S. INNOVATION SCORECARD**

Source: Consumer Technology Association

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## Community Development

### Workforce Housing Disaster Recovery

- Ongoing program taking applications for the 10 counties affected by 2019 floods
- Awarded \$7.2 Million on 15 projects



### Workforce Housing Tax Credit

- Annual allocation increased to \$25 million; \$10 million for "Small Cities" set-aside
- Changed from first-come, first-served to competitive
- FY20 allocation applied to "Small Cities" wait list;
- \$25 million+ on urban waitlist

**Remove the cap on dwelling unit cost.**

- Currently \$200,000 for new construction projects. \$215,000 for small city projects and \$250,000 for historic rehabilitation projects – amendment is suggested to align program with real estate market needs.

**Clean up the backlog of urban projects**


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## Homeownership

**Lack of funds for down payment is the biggest barrier facing Iowa homebuyers (48%).**

**What we did in 2019:**


- Introduced a new down payment loan program offering up to \$5,000 or 5% of sale price (whichever is less).
- Assisted more than 2,600 Iowans purchase a home, more than any other year in IFA's history.



*I'm thankful for the help of my lender, Realtor and IFA down payment assistance - all of which made the purchase of my first home (complete with a fenced-in backyard) possible.*


**NICOLE PRIBYL**  
Council Bluffs

SINCE THE BEGINNING




55,325

HOME BUYERS



5,581

MILITARY SERVICE MEMBERS ASSISTED



27,662

JOBS CREATED


## Federal Housing Tax Credits

**2019:**

- \$8.6 million in credits awarded
- 552 affordable rental homes

**2020:**


- IFA's LEAN design event decreased the decision points in the application process by 76%
- The streamlined application process for developers is effective with applications due March 11



*I love my apartment. I used to have to load my laundry on my walker and take it down to the laundry mat. It really helps me now to have a washer and dryer in my own unit.*


**SUSAN EDMONDS**  
Kingston Village, Cedar Rapids

SINCE THE BEGINNING OF THE PROGRAM:




29,158

AFFORDABLE UNITS



744

PROPERTIES




17,736

JOBS FOR IOWANS



## State Housing Trust Fund



**Standing Appropriation**

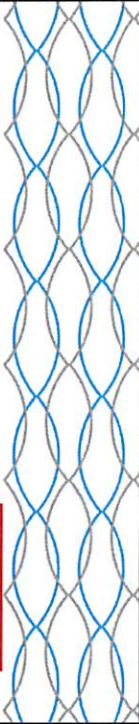
- The State Housing Trust Fund receives a standing appropriation of \$3 million from the Rebuild Iowa Infrastructure Fund and 30 percent of the Real Estate Transfer Tax, up to a maximum of \$3 million annually.

**Past Performance**

- For every \$1 of State Housing Trust Fund investment, \$1.94 in other financing is leveraged.
- This has generated a total of \$163 million in other funds.

**Support increased funding to State Housing Trust Fund by removing cap**

- Since FY13 demand for affordable housing has continued to grow, but appropriations to this fund remains at \$6 million – decreasing the annual grant award maximums to Local Housing Trust Funds



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## Beginning Farmer Program

**1/3 of Iowa farmers are currently above retirement age.**

**However...**

**95% of beginning farmers cite lack of capital to purchase land or equipment.**



SINCE THE BEGINNING



6,667

BEGINNING FARMERS ASSISTED



410,790

ACRES PURCHASED BY  
BEGINNING FARMERS

*We are just starting out and the assistance we received through the beginning farmer program was enough to help us with the down payment to get started with our farm operation.*

**JESSE & JORDAN  
LANDSGARD**  
St. Olaf  
Clayton County



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## lowahousingsearch.org

- Statewide service helping landlords and tenants find each other
- Increasing access to housing information – FREE to search and list
- Supported by a toll-free, bilingual call center, Monday – Friday 8:00 a.m. – 7:00 p.m.
- Disaster preparedness and response
- Listings are continually updated by the call center and a system of email reminders so only available units are displayed

### BY THE NUMBERS

Units listed	53,306
Landlords represented	749
Weekly housing searches	1,671

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## Iowa Profile

- Provides statewide and regional housing data and forecasts
- Interactive and downloadable data
- Statewide and county-level basis
- Iowa's largest 28 cities with populations of more than 14,000



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## Catalyzing Growth

### Challenge Grants

- \$1 million was awarded in Main Street Challenge Grants leveraging private investment of \$6.8 million.

### Vibrancy Grant

- Complement the Main Street Challenge Grant and Open for Business Contest
- Intent is to fund amenities that support the vibrancy of a district, for example the space in and around buildings
- Request for statutory authority increase to \$2 million for these programs (currently \$1 million)



Broulik Building, Mount Vernon - Before



Broulik Building, Mount Vernon - After

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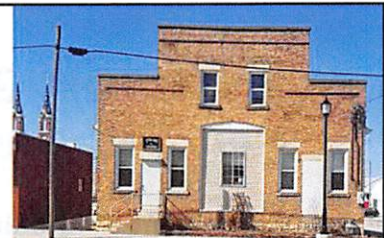
## Catalyzing Growth

### Community Catalyst

- \$4.1 million in Community Catalyst Grants were awarded in FY2019 – more than 40% to communities with fewer than 1,500 people

### Example: Dyersville

- 1903 building/Vacant
- Most recently a sewing factory
- Connection to Heritage trail extension to riverfront
- Gateway to planned development project
- Rehab/Conversion to brewery



Textile Brewing Company, Dyersville - Before



Textile Brewing Company, Dyersville - After



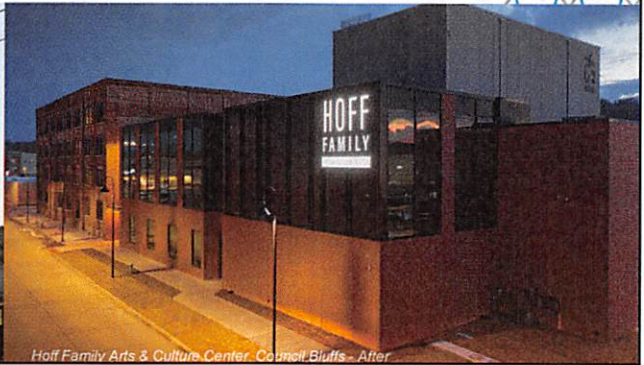
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## Catalyzing Growth

### Historic Preservation Tax Credits

- The \$29 million claimed in Historic Preservation Tax Credits in FY2019 leveraged \$110.5 million in project funding for the rehabilitation of Iowa's historic buildings

### Example: Hoff Family Arts & Culture Center



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## Brownfield/Grayfield Redevelopment

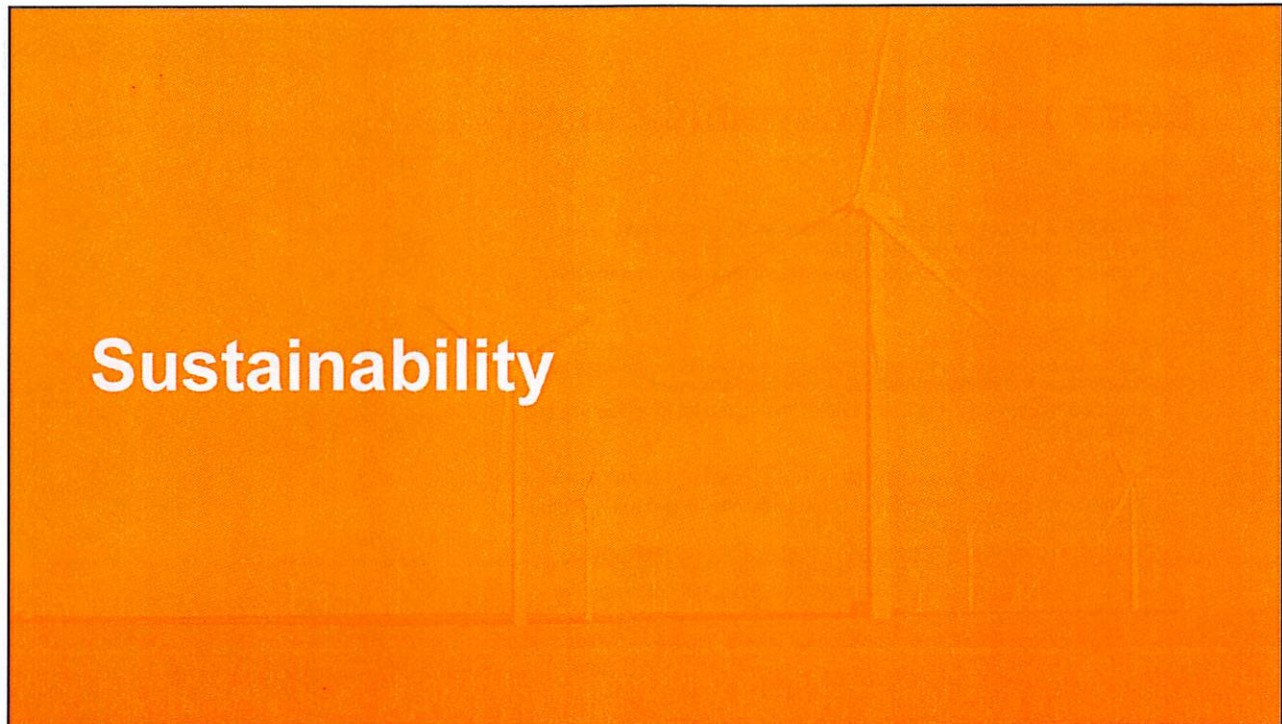
### Investment tax credit program for acquisition, remediation, redevelopment

- \$10 Million per fiscal year statewide
- \$1 Million cap per project
- 30 months from approval to complete project
- Only costs incurred and paid after approval

Applications are accepted annually in July - August with a September 1 deadline.



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## Conservation and Preservation

### Invest in Iowa Act

- Strengthen conservation efforts
- Protection and enhancement of natural resources
- Improve quality of life
- Help retain and recruit new generation of Iowans

### Fund Natural Resources and Outdoor Recreation Trust

- 3/8 of the proposed 1-cent sales tax will provide the necessary, sustainable funding for the trust
- \$99.5 million will be committed to water quality efforts
- \$52.3 million will be allocated to conservation and recreation



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## Sustainable, Renewable Energy

### Energy Storage

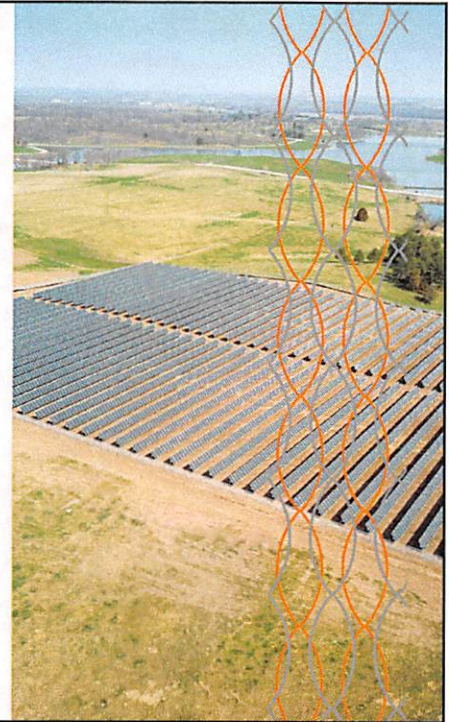
- \$456,000 in research and pilot projects to study commercial, residential and mobile energy storage opportunities
- Commissioning economic value assessment for energy storage this fall

### Biomass Conversion

- \$200,000 pilot project assessing economics of on-farm digester where cover crops, livestock, watersheds and natural gas meet
- Municipal wastewater treatment studies to find model for efficiency and water quality

### SRF-funded energy projects – wastewater treatment

- \$3 million co-generation facility at Dubuque's WWTP to capture biogas and convert it to energy to fuel their plant.
- \$18 million project to refine methane produced in the wastewater treatment process to utility grade and sell it into a natural gas utility. The utility was going to receive renewable fuel credits for the project.



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## State Revolving Fund

### A seamless partnership with the Iowa Department of Natural Resources

- The State Revolving Fund loaned \$313 million to Iowa communities for water quality projects in FY19, the most in any single year in program history.



### SINCE THE BEGINNING



**650**

IOWA COMMUNITIES HAVE BENEFITED FROM THE SRF



**\$3.4 Billion**

HAS BEEN FINANCED FOR COMMUNITY WATER QUALITY INFRASTRUCTURE PROGRAMS



**33,600**

JOBS CREATED



**2 million+**

IOWANS HAVE BENEFITED FROM THE SRF



**\$33.4 Million**

SAVED FOR IOWA COMMUNITIES THROUGH INTEREST RATE REDUCTIONS

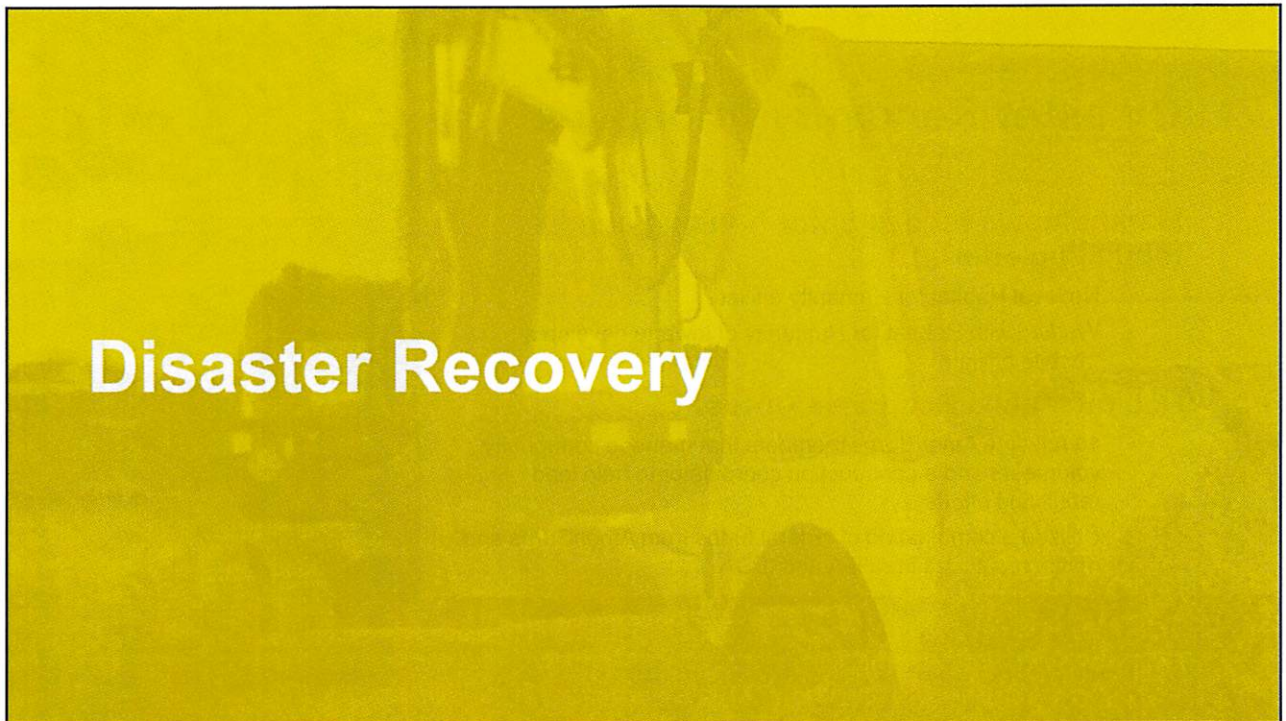
*The State Revolving Fund provided low-cost funding that helped the city complete a permeable pavement and bio cell project to improve the water quality of the stream systems around Davenport.*

**AMY KAY**  
City of Davenport

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## Disaster Recovery Initiatives

**Marshalltown recovery (for housing and rebuilding efforts)**

- No local Habitat for Humanity affiliate
- Worked with Habitat for Humanity of Iowa to develop a "mobile affiliate"

**Habitat Mobile Response Corps**

- 10 full-time AmeriCorps members that manage community volunteers and a construction coordinator to help lead rebuilding efforts
- Utilized a combination of federal funds from AmeriCorps and match resources from IFA and IEDA

**Allow IFA/IEDA the authority to move money into the Iowa Disaster Recovery Homeowner Assistance Program**

- Type of assistance: forgivable loans for repair/rehabilitation or down payment assistance

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# Marketing

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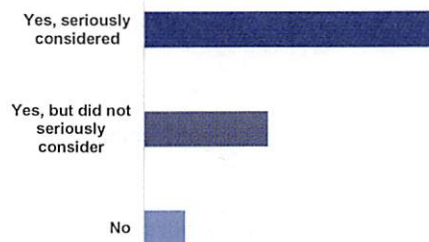
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## Travel is the First Step in Thinking about Moving to a New City

*"My ideal place to move would offer great jobs, lots of culture, a reasonable amount of outdoor activities/ maybe hiking outside the city... Some of the cities I've considered moving to don't have the best cost of living, which is why I haven't made the move."*

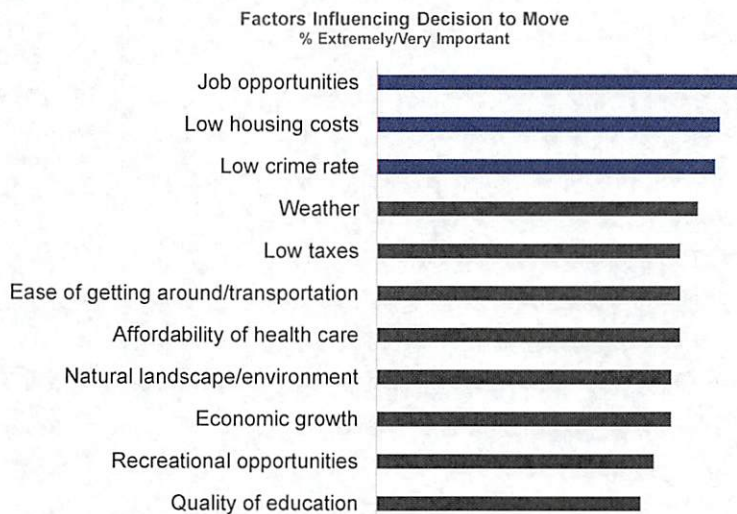
**22-29 YRO**

**% of U.S. Adults Who Have Considered Moving to a New City as a Result of Visiting**



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## Travel Increases Interest, but Job Opportunities Motivate Moves



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## People Don't Associate Iowa with what they Need to Move – Particularly Jobs

TOP FIVE FACTORS INFLUENCING A DECISION TO MOVE	PERCEIVED BENEFIT OF LIVING IN IOWA
Job Opportunities	✗
Natural Landscapes	✓
Cost of Living/Housing Costs	✓
Recreational Opportunities	✗
Low Crime Rate	✓

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## NYC Real Estate Buzz Activation

- Video was featured in top-tier media, including *USA Today* and *U.S. News & World Report*
- To date, the video has more than 3.3M views and 3M+ likes, comments, shares and views
- Governor conducted interviews with top-tier media in NYC
- Thisisiowa.com
- youtube.com/user/traveliowa



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## Next Steps

**New ads depicting diversity of people, experiences and Iowa locations**

### HR Recruitment Toolkit

- Video, cost-of-living calculator, offer comparison, "Living & Working in Iowa" guide

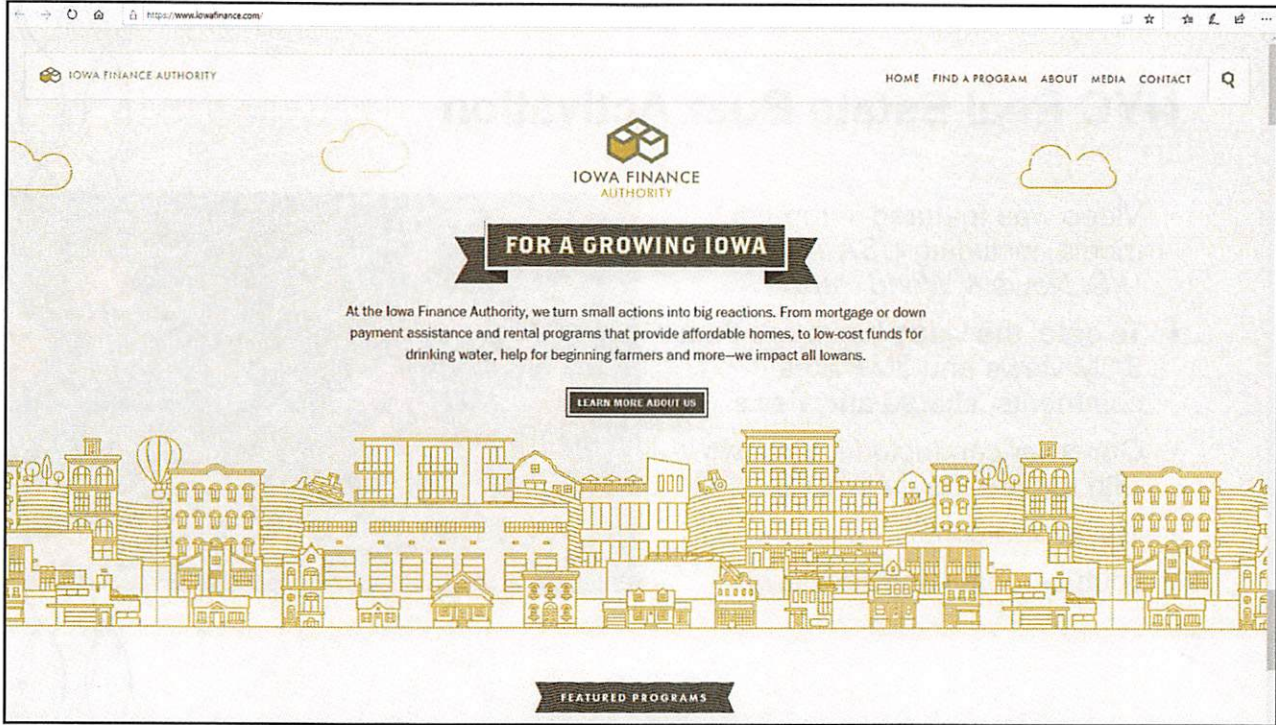
### Business Co-op Marketing Program

- Makes placing ads, hosting influencers and creating assets more affordable
- 27 communities participating
- Communities get visibility, state gets benefit of consistent message

**Governor's \$500,000 request in budget for buzz activation**



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## FY 2021 Budget

Line Item	Governor's Recommendation	Net Change from FY 2020	Budget Bill
Operations/Marketing	\$13,898,101	Net change: \$500,000 increase*	Economic Development Budget Bill
World Food Prize	\$1,000,000	Net change: \$300,000 increase**	Economic Development Budget Bill & RIIF Bill
COG Assistance	\$275,000	Status Quo	Economic Development Budget Bill
ICVS	\$168,201	Status Quo	Economic Development Budget Bill
Tourism AGRs	\$900,000	Status Quo	Economic Development Budget Bill
Registered Apprenticeship Program	\$1,000,000	Status Quo	Economic Development Budget Bill

\* Increase funding for expansion of "This is Iowa" campaign  
 \*\* As codified in Iowa Code 15.368.1

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