

## **Incentives for Business Development in Main Street® Districts**

### **State of Iowa Programs**

#### **Iowa Economic Development Authority**

##### **Main Street Iowa/Iowa Finance Authority Loan Program**

Jefferson Matters: Main Street- Peg Raney, Director [director@jeffersonmatters.org](mailto:director@jeffersonmatters.org)

This program provides mortgage loans for multi-family housing and commercial development in Main Street districts. Infill construction and rehabilitation of upper floor housing in mixed-use buildings are typical projects.

##### **Main Street Iowa Challenge Grant**

Jefferson Matters: Main Street- Peg Raney, Director [director@jeffersonmatters.org](mailto:director@jeffersonmatters.org)

Eligible projects must be within the identified Main Street project area. Only the Main Street organization in participating communities may submit applications on behalf of local projects, properties and businesses. This program requires a dollar for dollar match.

##### **Main Street Iowa Design & Business Assistance**

Jefferson Matters: Main Street- Peg Raney, Director [director@jeffersonmatters.org](mailto:director@jeffersonmatters.org)

Design & Business assistance is provided to downtown property owners and tenants as a free service through the Iowa Economic Development Authority's Main Street Iowa program. The Design Specialists will provide design recommendations and develop conceptual renderings for each proposed project. The Business Specialist will provide economic development assistance as well as one-on-one business consultations.

##### **Main Street Open 4 Business Program**

(Please contact Robin Bostrom, Business Specialist [Robin.Bostrom@IowaEDA.com](mailto:Robin.Bostrom@IowaEDA.com) or 515-348-6176)

Eligible projects must be within the identified Main Street project area. Geared toward new or expanding businesses that fill a gap within the local Main Street district. Only the Main Street organization can submit an application on behalf of local businesses. Competitive applications accepted once a year.

##### **Sustainable Community Demonstration Projects**

(Please contact Jeff Geerts, IEDA [Jeff.Geerts@IowaEDA.com](mailto:Jeff.Geerts@IowaEDA.com) or 515-348-6211)

Projects funded through this program must have tangible, unique impacts for environmental sustainability, and serve as a model demonstration for other communities in Iowa. Projects are intended to take place on a larger scale and anywhere within the community and meant to support and demonstrate community sustainability. Projects must take place in communities with a population of less than 50,000 people. All funded projects must meet the CDBG national objective to prevent or eliminate slum or blight. Projects shall also follow applicable HUD requirements such as environmental reviews, historical property reviews, Davis-Bacon wage requirements, and public participation requirements. All projects shall agree to follow the Iowa Green Streets Criteria. Applicants may apply for up to \$500,000.

##### **Downtown Revitalization Projects**

(<http://www.iowaeconomicdevelopment.com/CDBG/DowntownFund>)

Projects funded through this program must have long-lasting benefits for the downtown area that contribute toward a comprehensive downtown revitalization effort. The projects must take place in the downtown or historic commercial center of the community and are meant to support and demonstrate innovation. Projects must take place in communities with a population of less than 50,000 people. All funded projects must meet the CDBG national objective to prevent or eliminate slum or blight. Projects shall also follow applicable HUD requirements such as environmental reviews, historical property reviews, Davis-Bacon wage requirements, and public participation requirements. All projects shall agree to follow the Iowa Green Streets Criteria. Projects funded from the downtown revitalization fund must be part of a comprehensive downtown revitalization effort. Applicants may apply for up to \$500,000.

### **Small Business Linked Investments for Tomorrow (LIFT) Program** ([www.iowalift.com/](http://www.iowalift.com/))

The Small Business Linked Investments Program will inject capital into small businesses owned and operated by Iowa residents. One-half of the moneys invested will be available for qualifying small businesses which are 51 percent or more owned, operated, and actively managed by one or more women, minority persons, or persons with disabilities.

### **Brownfield/Grayfield Tax Credit Program**

(<http://www.iowaeconomicdevelopment.com/Regulatory/brownfield>)

Redeveloping abandoned or underutilized industrial spaces, commercial properties or public buildings. Developers in Iowa can receive tax credits for redeveloping properties known as brownfield and grayfield sites. Additional tax credits are available for projects that meet or exceed sustainable design standards as defined by state law.

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

**Grayfield** sites are public buildings, industrial or commercial properties that are vacant, blighted, obsolete, or otherwise underutilized. A grayfield has been developed and has infrastructure in place but the property's current use is outdated or prevents a better or more efficient use of the property. This tax credit program is offered as a way to promote the economic health of communities by reducing environmental potential hazards, cleaning up eyesores, creating new jobs and boosting tax revenue.

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

### **Workforce Housing Tax Credits** (<http://www.iowaeconomicdevelopment.com/Community/WHTC>)

A tool in assisting communities with providing affordable housing options. Developers and contractors building or rehabilitating housing in Iowa may be eligible to receive certain state tax benefits.

#### **Eligibility Requirements**

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

### **Tax Increment Financing TIF**

City of Jefferson – Nick Sorensen, Building Official 515-386-3111

TIF is a method to incite business to locate or expand operations in an area by directing the tax revenues generated within the TIF district for investment in the district. City councils or boards of supervisors may use the property taxes resulting from the increase in taxable valuation caused by the construction or

substantial rehabilitation of commercial facilities to provide economic development incentives within the district.

### **Iowa Reinvestment Districts**

(<http://www.iowaeconomicdevelopment.com/Community/ReinvestmentDistrict>)

The Iowa Reinvestment District Program is designed to assist communities in developing transformative projects that will improve the quality of life, create and enhance unique opportunities and substantially benefit the community, region and state.

The program provides for up to \$100 million in new state hotel/motel and sales tax revenues to be “reinvested” within approved districts. Districts cannot exceed 25 acres in size, and must be in an Enterprise Zone or Urban Renewal Area.

Iowa Reinvestment District plans must include tax revenues generated by “*new retail establishments*” and “*new lessors*”. New retail establishments cannot exceed 50 percent of the total proposed capital investment. At least one of the new proposed projects within the district must reach a total capital investment of \$10 million. And, the total amount of new tax revenues to be remitted to the municipality cannot exceed 35 percent of the total cost of all proposed projects in the district plan.

## **State Historical Society of Iowa Programs**

### **Certified Local Government Grants (CLG Grants)**

<https://iowaculture.gov/about-us/about/grants/certified-local-government-grant-program>

CLG Grant Funds can be used to develop building reuse plans and plans and specifications for buildings listed on the National Register of Historic Places. They can also be used to survey and evaluate properties and prepare National Register nominations.

### **Historic Resource Development Program (HRDP)**

<https://iowaculture.gov/about-us/about/grants/historical-resource-development-program>

The purpose of the HRDP Grants Program is to provide funds to preserve, conserve, interpret, enhance, and educate the public about the historical resources of Iowa. Grants are for historic preservation, museums and documentary collections.

### **Historic Tax Credits** <https://iowaculture.gov/history/preservation/tax-incentives>

The State Historic Preservation Office (SHPO) of the State Historical Society of Iowa administers the State Historic Preservation Tax Incentive Program, and participates in the certification process for the Federal Historic Preservation Tax Incentives and county Historic Property Tax Exemption programs. The entire rehabilitation project must meet the Secretary of the Interior’s Standards when utilizing historic tax credits.

### **Federal Historic Preservation Tax Incentives Program** *20% or 10% of qualified rehabilitation costs*

**Description:** 20% of qualified rehabilitation costs are available as a credit against federal income taxes on income-producing historic properties. Rehabilitation work on historic properties must be “substantial” (an IRS test) and meet the Secretary of the Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. Applications and photos must be reviewed by the SHPO and be approved by the National Park Service.

**Eligibility Requirements:** Properties must be listed on the National Register or be evaluated as National Register eligible and then listed within 30 months after claiming the credit on IRS tax forms. (A 10% tax credit is also available for non-historic, non-residential, income-producing properties built before 1936. These properties can neither be listed on the National Register nor be a contributing resource in a National Register-listed historic district.)

### **Statewide Historic Projects**

**Description:** 25% of qualified rehabilitation costs are available as a credit against the owner(s) state income taxes. Properties do not need to be income-producing. The SHPO cannot reserve credits for more than three years into the future. For a residential property or barn constructed before 1937, the cost

of a qualified rehabilitation project must exceed either \$25,000 or 25% of the assessed value (less the land value) - whichever is less. For commercial properties, the rehabilitation project must exceed 50% of the assessed value of the property (less the land value) before rehabilitation. If there is no assessed value the insured value can be used. Rehabilitation work must meet the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

**Eligibility Requirements:** Properties must be listed on or eligible for listing on the National Register of Historic Places or barns constructed before 1937 or barns that are eligible or listed on the National Register of Historic Places.

### **Cultural and Entertainment District (CED)**

The benefits available to certified districts could include historic tax credits for rehabilitation of historic structures or other incentives which create live/work space for cultural workers, space for cultural and entertainment enterprises and access financial assistance programs from state agencies and other funding partners.

### **Iowa Arts Council Grants** <https://iowaculture.gov/arts/grants>

The Iowa Arts Council is committed to enriching the quality of life for Iowans through support of the arts. Funding for the Iowa Arts Council is provided by the State of Iowa and the National Endowment for the Arts, a federal agency.

The Iowa Arts Council also administers grant programs on behalf of its parent agency, the Iowa Department of Cultural Affairs. These programs support the cultural vitality of Iowa through job creation, operating support and endowment support programs.

Art Project Grant

Arts Build Communities Grant

Capacity

Building Grant

Cultural Heritage Project Grant

Iowa Artist Fellowship Program

Iowa Great Places

Cultural Trust Stability Grant

School Arts Experience

Cultural Leadership Partner Operating Support Grant

### **Small Business Administration (SBA)**

### **504 Program** (<http://www.sba.gov/content/cdc504-loan-program>)

The SBA 504 loan program is a long-term financing tool for economic development within a community. The 504 Program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings.

### **SBA 7(a)** (<http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program>)

The 7(a) Loan Program includes financial help for businesses with special requirements. For example, funds are available for loans to businesses that handle exports to foreign countries, businesses that operate in rural areas, and for other very specific purposes.

### **Microloan** (<http://www.sba.gov/content/microloan-program>)

The Microloan Program provides small, short-term loans to small business concerns and certain types of not-for-profit child-care centers. The SBA makes funds available to specially designated intermediary lenders, which are nonprofit community-based organizations with experience in lending as well as management and technical assistance. These intermediaries make loans to eligible borrowers. The maximum loan amount is \$50,000, but the average microloan is about \$13,000.

**Special Purpose Loans Program** (<http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program/special-purpose-loans-program>)

SBA offers several special purpose 7(a) loans to aid businesses that have been impacted by NAFTA, to provide financial assistance to Employee Stock Ownership Plans, and to help implement pollution control mechanisms.

**Advantage Loan Initiatives** (<http://www.sba.gov/advantage>)

Small Loan Advantage and Community Advantage 7(a) Loan Initiatives SBA is committed to expanding access to capital for small businesses and entrepreneurs in underserved communities so that we can drive economic growth and job creation.

**Other**

**ADA Federal Tax Credit** (<http://www.ada.gov/taxcred.htm>)

This federal tax credit was created to help small businesses cover ADA-related eligible access expenditures. A business that for the previous tax year had either revenues of \$1,000,000 or less or 30 or fewer full-time workers may take advantage of this credit. This federal tax credit can cover 50% of the eligible access expenditures in a year up to \$10,250 (maximum credit of \$5000). In addition the tax deduction is available to all businesses with a maximum deduction of \$15,000 per year for the other costs the credit doesn't cover. The tax deduction can be claimed for expenses incurred in barrier removal and alterations.

**Paint Iowa Beautiful** <https://www.keeptowabeautiful.com/grants-awards/paint-iowa-grant/>

Keeping up the appearance of our buildings and facilities is an important component of viable communities. Well-maintained and painted buildings reflect pride in our communities. Through a partnership with Diamond Vogel Paint of Orange City, Iowa groups can receive paint for community enhancement projects. More than 5,000 gallons of paint have been donated to community groups through the Paint Iowa Beautiful program.

**Derelict Building Program**

(<http://www.iowadnr.gov/Environment/LandStewardship/WasteManagement/DerelictBuildingProgram.aspx>)

**Derelict Building Eligibility Requirements:** entail the derelict building to reside in a town or unincorporated county area of 5,000 residents or less and require the building to be owned or in the process of being owned by the town or county. The program will provide the following:

- 100% reimbursement for a certified ACM inspection.
- 100% reimbursement, not to exceed \$10,000, for removing and disposal of ACM. A 50% cost share is required for those costs exceeding \$10,000.
- 100% reimbursement not to exceed \$1,500 for a structural engineering analysis to be completed by a licensed structural engineer or architectural historian to determine ability to renovate the building.
- 100% reimbursement not to exceed \$3,000 for conducting a Phase I Environmental Assessment. Applicant is responsible for all costs exceeding \$3,000.
- 50% reimbursement not to exceed \$2,500 for conducting a Phase II Environmental Assessment. Applicant is responsible for costs exceeding \$5,000. The need for this assessment is driven by the results of the Phase I Assessment and involves sampling of structure components, soil and groundwater to confirm or deny if contamination is present.

**Building Deconstruction:** If the building is going to be deconstructed, 50% reimbursement not to exceed \$50,000 is available for offsetting costs related to deconstruction. It is a goal of all deconstruction projects that 30% of the structure by weight be diverted from landfill disposal.

**Building Renovation:** If the building is going to be renovated, 50% reimbursement not to exceed \$50,000 is available for offsetting costs related to removing materials for reuse, either at the site or offsite, or for recycling. The grant also compensates for the purchase and installation of reused or recycled materials that will be incorporated into the project.

Awarded amounts may not equal funding requests.

For every additional 10% of landfill diversion by weight above 30% that is documented upon completion of the project, Applicant cost share is reduced by 5% and grant award will increase accordingly. The maximum grant award for deconstruction projects shall not exceed \$75,000.

**Targeted Small Business Program** (<http://www.iowaeconomicdevelopment.com/Entrepreneurial/TSB>)

The Targeted Small Business (TSB) Program of Iowa is designed to help women, minorities and the disabled overcome some of the major hurdles to starting or growing a small business in Iowa. The TSB program makes microloans available to qualified Iowa small business owners.

To become certified, a business must:

- be located in Iowa
- operate for a profit
- have less than \$4 million in annual gross income, computed as an average of the preceding three fiscal years.
- be majority-owned (51 percent or more), operated and managed by a female, minority group member or a person with a disability.

**IASourceLink** <http://www.iasourcelink.com/>

IASourceLink is the premier online resource connecting entrepreneurs and small businesses to more than 360 resource providers across Iowa. Top resources include a calendar of small business events, a searchable database of public sector organizations in Iowa that help entrepreneurs, and no-charge monthly business webinars.

**Business Concierge** (<http://bizhelp.iasourcelink.com>)

The University of Northern Iowa Business Concierge is a free virtual resource to Iowa business owners who wish to receive market research information and personal referrals to organization all across the state that can help entrepreneurs start or grow.