Council Communication

Department: Community Development Case/Project No.:	Ordinance No.: N/A Resolution No.: 25-	City Council: 6-9-2025

Subject/Title

Resolution of support the Treehouse application to the Workforce Housing Tax Incentive Program through the Iowa Economic Development Authority

Location

Various

Background/Discussion

Background

The State of Iowa established the Workforce Housing Tax Incentive Program (WHTIP) pursuant to Iowa Code Section 15.106A and the 2014 Iowa Acts, House File 2448, Section 18. The purpose of the program is to assist the development of workforce housing in Iowa communities by providing incentives for housing projects that are targeted towards middle-income households and that focus on the redevelopment or repurposing of existing structures. Previously, the program was first come, first serve but was changed to a competitive cycle in 2020.

To receive workforce housing tax incentives pursuant to the program, a proposed housing project shall include at least one of the following:

(1) Four or more single-family dwelling units.
(2) One or more multiple dwelling unit buildings each containing three or more individual dwelling units.
(3) Two or more dwelling units located in the upper story of an existing multi-use building.

The average dwelling unit cost cannot exceed $310,000 per single-family dwelling unit or $230,000 per multi-family dwelling unit if the project involves the rehabilitation, repair, redevelopment or preservation of eligible property. This limitation only applies to those costs that are directly attributable to the improvement of the property or the structures and is defined in the Iowa Administrative Code.

Additionally, the WHTIP requires a city match pledge for each housing project in an amount equal to at least $1,000 per dwelling unit, in the form of cash, cash equivalent, a local property tax exemption, rebate, refund or reimbursement.

Discussion

Knudson Development wishes to apply for tax credits on its Phase I Treehouse project located 33rd and 1st Avenue. The proposed project will create approximately 86 market rate multi-family units. All units will have a construction price that is consistent with the requirements set forth by the State of Iowa. The City has a development agreement in place to provide tax increment financing (TIF) to meet the required local match.

Based on review of the request, the project meets the requirements for Workforce Housing Tax Incentive Program benefits. As a result, each applicant is eligible for the following benefits: 10% investment tax credit and 100% rebate of state sales and utility use taxes.

Staff Recommendation

The Community Development Department recommends approval of the Workforce Housing Tax Incentive Program Treehouse Phase II application submitted by Knudson Development.