

# OFFICE OF THE GOVERNOR

Governor Chet Culver ★ Lt. Governor Patty Judge

FOR IMMEDIATE RELEASE

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## GOVERNOR CULVER ANNOUNCES SPECIAL FUNDING FOR RENTAL HOUSING CONSTRUCTION IN STORM-AFFECTED COUNTIES

*New program will help create new housing in seven storm-damaged counties*

**(Des Moines)** – Today, Governor Chet Culver announced that the State of Iowa is setting aside millions of dollars in federal tax credits to aid the development of affordable multifamily housing in counties that were hit hard by this summer's historic flooding and severe weather.

Administered through the Iowa Finance Authority (IFA), the Disaster Recovery Set-Aside program will be funded with nearly \$24 million in federal Low-Income Housing Tax Credits (LIHTC). This amount represents approximately 40 percent of IFA's annual allocation of tax credits. Tax credits from the Disaster Recovery Set-Aside will be available specifically for the construction or rehabilitation of multifamily housing in Linn, Louisa, Black Hawk, Johnson, Muscatine, Butler and Bremer Counties. The Federal Emergency Management System has identified at least \$3 million or more of housing needs in these counties, and in the last three years the LIHTC program has helped create no more than 500 rental units in each of them. Approximately \$13 to \$14 million of the total set-aside amount will be awarded to projects in Linn County.

"I am proud to announce the creation of the Disaster Recovery Set-Aside," said Governor Culver. "Thousands of Iowans in these seven counties were temporarily or permanently displaced from their homes during this summer's storm and floods, and these federal tax credits will enable the creation of hundreds of affordable housing units for Iowans who were victims of the disasters. This is another example of state government's quick response, and will move us closer to rebuilding a stronger, better Iowa."

Housing has been one of the top issues facing the Rebuild Iowa Advisory Commission, and is expected to focus on housing in their final report that will be released on Tuesday.

Congress established the LIHTC program as part of the 1986 Federal Tax Reform Act. Annually, the Internal Revenue Service allocates approximately \$2.20 per person in credits to each state based on population. Iowa is eligible to distribute about \$6 million in tax credits in each year, but the actual awards exceed \$60 million because the credits are committed annually for a 10-year period. IFA administers the program.

For the first time in the program's history, IFA will award the tax credits at two separate times in 2009. The awards from the Disaster Recovery Set-Aside will be made on or about January 7, 2009. The remaining approximately \$40 million in tax credits will be announced in early March. These awards will help fund the development of affordable multifamily units in counties that are not part of the Disaster Relief Set-Aside.

Housing developers from around the state and region apply as part of a competitive process to receive the tax credits. Developers who receive tax credits sell them to investors to generate equity for the housing developments. The tax credits provide a dollar-for-dollar reduction to the investor's federal tax liability.

In the program's more than 20 year history, it has helped create more than 18,000 units of affordable housing across Iowa.

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