

Empower Rural Iowa

Research Paper – October 2019

Background

On July 18, 2018, Governor Kim Reynolds signed [Executive Order #3](#), which created the Governor's Empower Rural Iowa Initiative. The initiative consists of an executive committee and three task forces partnering with the Iowa Rural Development Council to identify legislative, regulatory and policy changes needed to help rural Iowa communities. The three task forces are the Investing in Rural Iowa Task Force (housing), the Growing Rural Iowa Task Force (leadership development and strategic development) and the Connecting Rural Iowa Task Force (financing broadband). The Governor appointed public members to the task forces. The initiative and task force memberships are not in Iowa Code.

The task forces met over the summer and fall of 2018. They released [initial recommendations](#) in December 2018. One recommendation focused on helping communities with housing-needs assessments. The recommendations also highlighted the need to recognize creative solutions to community problems; to ensure that effective solutions can be replicated in other communities; for stable funding for broadband grants; and for additional resources for the Workforce Housing Tax Credit program.

In January 2019, Governor Reynolds introduced new line items in her [budget proposal](#) for the Empower Rural Iowa Initiative. She requested \$100,000 from the General Fund to Iowa Economic Development Authority (IEDA) for a Housing Needs Assessment Grant Program and \$300,000 for a Rural Innovation Grants Program. The Governor's budget provided little detail on the new programs. The Governor also recommended a \$5 million rural set-aside for the Workforce Housing Tax Credit Program and \$10 million for broadband grants.

2019 Legislation and Appropriations

- [SF 608](#) - Economic Development Budget
 - A new appropriation of \$100,000 (from the Skilled Worker and Job Creation Fund, non-General Fund dollars) to the Iowa Economic Development Authority for a Housing Needs Assessment Grant Program. IEDA was charged with developing rules. The program is intended to provide small communities with hard data and housing-related information specific to the community being analyzed.
 - A new appropriation of \$300,000 (from the Skilled Worker and Job Creation Fund) to IEDA for the Rural Innovation Grants Program. IEDA was charged in developing the rules. This new line item did not describe the program in the Act.
- [HF 759](#) – Administration and Regulation Budget. A new appropriation from the General Fund of \$5 million to the Office of the Chief Information Officer for broadband grants. Governor Reynolds had \$10 million in her budget.
- [HF 772](#) – Empower Rural Iowa. Changes the Broadband Infrastructure Grant Program and the Workforce Housing Tax Credit Program. The bill requires broadband grants to meet upload/download speeds established by the Office of the Chief Information Officer. The bill also extends the grant program by five years, and provides for an additional \$5 million in Workforce Housing Tax Credits for projects located within the 88 lowest population counties in the 2010 census.

The bill changes the application process of the Workforce Housing Tax Credit program from first-come, first-served to a competitive process that is scored by IEDA. Additionally, the bill allocates the entire cap for the program for FY20 to small city projects that were registered prior to July 1, 2019.

Then bill also provides \$10 million in Workforce Housing Tax Credits for projects in counties designated disaster areas because of flooding along the Missouri River. Housing projects in disaster areas can receive a tax credit of up to 20% of new investment in the project, in addition to sales tax refunds. This is in addition to the credits available under the Workforce Housing Program.

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Housing Assessment Grant and Rural Innovation Grant Administrative Rules

On October 18, Iowa's Economic Development Authority Board approved Administrative Rules creating and implementing the Rural Housing Assessment Grant and the Rural Innovation Grant programs. The rules will soon be published in the Administrative Rules bulletin.

Rural Housing Assessment Grant Program Rules

The Rural Housing Assessment Grant Program aims to support the interpretation and implementation of hard data and housing-related information specific to the community applying for financial assistance under the program.

An eligible applicant is a city in Iowa with a population of 10,000 or fewer that is not contiguous to a city with a population of 40,000 or greater. Only one application per applicant period. There will be one application round each fiscal year. The application round will take place once the rules take effect. The grant program will be scored. Internal staff at IEDA with members of the Empower Rural Iowa Taskforce will review the grant applications. The director of IEDA will have final approval. The minimum award will be \$1,000. IEDA staff has said they believe most grants will probably be \$5,000 to \$10,000 each.

Each awarded community will work with ISU Extension using their Rural Housing Readiness Assessment Tool and Iowa Finance Authority's Housing Profile Tool.

Rural Innovation Grant Program Rules

The Rural Innovation Grant program supports creative, non-traditional ideas to address current issues and challenges related to community investment, growth and connection in rural areas.

Eligible applicants include Iowa businesses, colleges, universities, cities, counties, councils of governments (COGs), K-12 schools, and private non-profit agencies or foundations. If the applicant is a non-government entity, they must show support from a local government entity. An eligible project is a program or activity in and for the benefit of an Iowa community with a population of 20,000 or fewer and not contiguous to a city with a population of 40,000 or greater.

A cash match of at least 50 cents is required for every dollar awarded. Grants will reimburse costs directly related to the project. Each application will be competitively scored. The applications must demonstrate non-traditional, creative solutions and the ability for each project to be replicated. There will be one application round each fiscal year. Internal staff at IEDA and members of the Empower Rural Iowa Taskforce will review the applications. The director of IEDA will have final approval. The minimum amount set for each award is \$1,000. IEDA will allocate \$100,000 to each of the three themes (community investment, growth and connection).

Resources

- Executive Order: <https://governor.iowa.gov/sites/default/files/documents/Exec-Order-3.pdf>
- Empower Rural Iowa Initiative: <https://governor.iowa.gov/unleashing-opportunities/rural-iowa-initiative>
- Empower Rural Iowa recommendations: https://governor.iowa.gov/sites/default/files/documents/ERI_Recommendations_122018.pdf
- Iowa State Extension Housing Readiness Assessment: www.extension.iastate.edu/communities/rural-housing-readiness-assessment
- Iowa Finance Authority Iowa Profile tool: www.westernes.com/iowa/