



U.S. Small Business
Administration

SBA In Opportunity Zones

Programs Directly Related

HUBZone – Historically Underutilized Business Zones

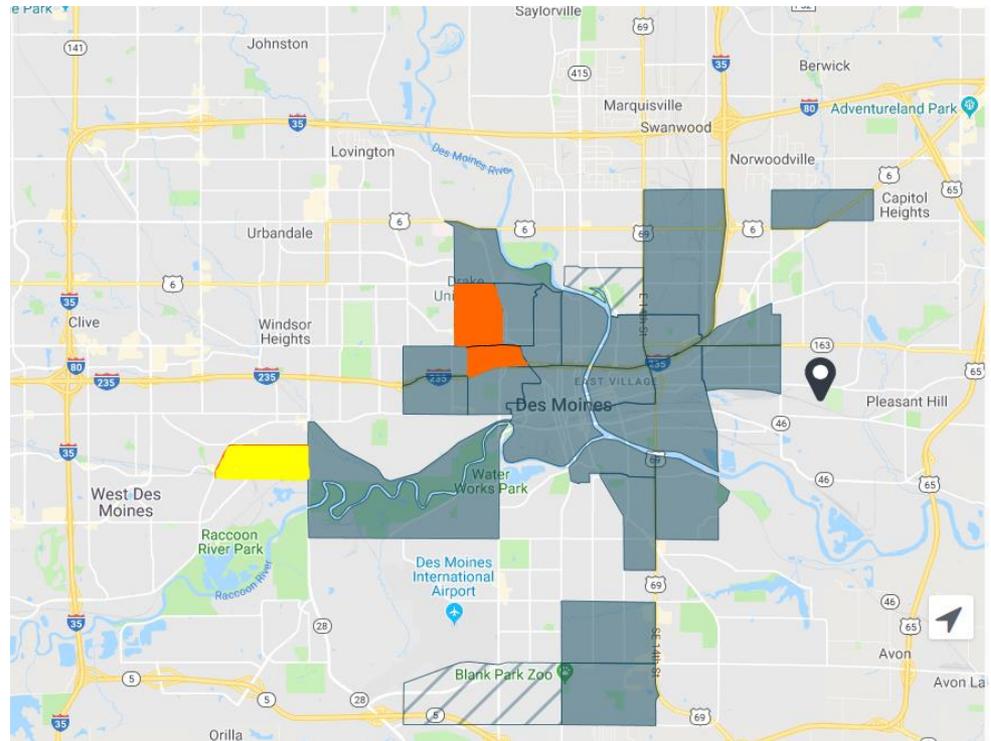
GOAL – 3% of federal contracts

HUBZone Certification:

- Principal Office in HUBZone
- 35% of employees live in a HUBZone

Polk County:

- 18 HUBZones (gray)
- 3 Opportunity Zones (yellow) 2 are both (orange)



Community Advantage Loans

- Mission-oriented lenders – SCKEDD only lender in KS
- 60% of all loans must go to business in underserved markets, i.e. HUBZones & Opportunity Zones
- Up to \$250,000 w/75-85% guarantee
- 10-25 years

Other SBA Resources

Microloans

- Startups or low-income entrepreneurs
- Up to \$50,000
- Short term, fixed rate – 6 years or less
- Startup expenses: furniture, fixtures, supplies, materials, equipment, working capital
- Cannot be used for real estate
- Technical assistance and training for borrowers

504 Loan Program

Economic Development Program through Certified Development Companies

- 1 job : \$75k of SBA backed financing (1:\$120k for manufacturers)
- Fixed assets such as real estate and heavy equipment
- Up to \$5 million
- 10 years for equipment, 25 for real estate
- Fixed below-market interest rates
- As low as 10% down from borrower
- Financing structure
 - 50% 3rd party lender
 - 40% CDC with SBA backing
 - 10% borrower

7(a) Loan Program

- General loan program
- Often have fee reductions based on geography such as HUBZone or rural
- Used for any legal business purpose: purchase or improve real estate, equipment and inventory, working capital, etc.
- Up to \$5 million with 50-90% guarantee

SBA Activity in the Iowa District Office

FY 2018

- 7(a) = 349 for \$135.8 million
- 504 = 56 for \$33.8 million

FY18 Contracts in IA

- \$22,285 in HUBZone (overlap with Rock Island Arsenal)

FY 2019 through End of Q3

- 7(a) = 254 for \$83 million
- 504 = 32 for \$27 million

FY19 (End of Q3) Contracts in IA

- \$1,163,858 in HUBZone (overlap with Rock Island Arsenal)



U.S. Small Business
Administration

Questions

www.sba.gov/ia



EDA

U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

IEDA Opportunity Zone Conference

September 19, 2019

Steve Castaner & Alex Smith

INNOVATION. REGIONAL COLLABORATION. JOB CREATION.



Mission Statement

- Lead the Federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.

So how does EDA assist regional economies?

- EDA works with the IA council of governments, cities, counties, economic development organizations, universities, IEDA, and other state agencies to assist economic development projects with grant funding that aligns with **EDA's investment priorities.**



What are EDA's Investment Priorities?

- Recovery & Resilience
- Critical Infrastructure
- Workforce Development & Manufacturing
- Exports & Foreign Direct Investment
- **Opportunity Zones**



EDA's Involvement with OZ's

In 2018, EDA announced that its grant funding is available to projects located in opportunity zones.

The funding is available to revitalize, expand, and upgrade physical infrastructure or equipment. Funds can also be utilized to recapitalize regional revolving loan funds or help pay for feasibility studies.

Examples of infrastructure/equipment projects include the following:

- Industrial park expansions (water and sewer systems, access roads, **fiber**, and other municipal owned utilities)
- Business incubator facilities
- Skill-training / workforce development training centers (construction of a training facility or purchase of new training equipment)
- Technology-based facilities that utilize distance learning networks (i.e. telemedicine / medical training)



EDA's Involvement with OZ's

Since 2018, EDA has invested nearly \$115 million in 97 projects in designated opportunity zones to help communities and regions across the United States build capacity for economic development.

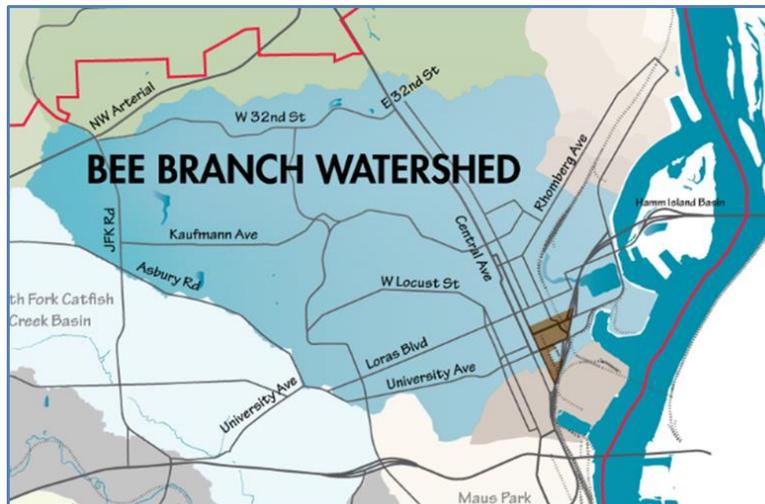


EDA OZ Project Examples



Dubuque Bee Branch Watershed Floodgates

In 2018, EDA awarded \$2.5MM to support flood protection improvements to industrial areas in Dubuque. The investment is matched with over \$5MM local funds and is projected to enable over \$15MM in private investment and create or retain more than 100 jobs.



Rapid City, SD

Ascent Innovation Business Incubator

In 2019, EDA awarded \$3MM to support the Rapid City Economic Development Foundation with its new downtown business incubator facility.

The new incubator facility will support the growth of sustainable manufacturing and technology-based businesses. The project is matched with \$4.5 million in local funds and is expected to help create more than 100 jobs.



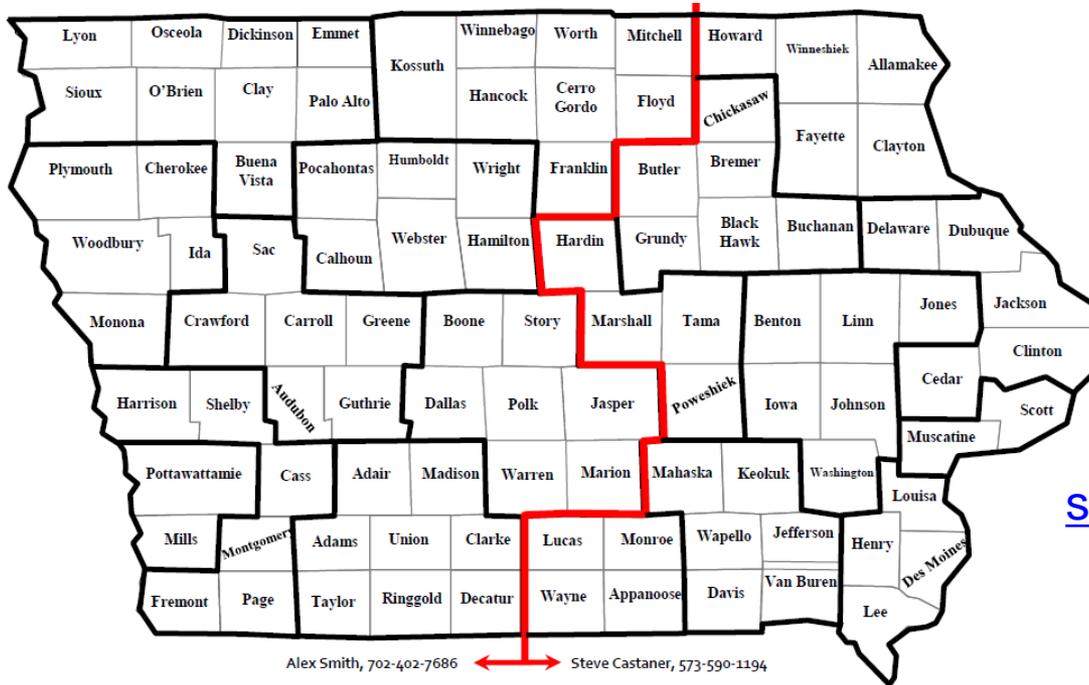


Application Process

- Applications are reviewed on a monthly basis / rolling application process.
- Applicants are encouraged to work with their regional council of governments & Steve/Alex to put together EDA application.
- Grant match rates begin at 1:1 ratio. (local, state, or OZ investor funding can be utilized as match.
 - Iowa's RISE grant can be used as a match to EDA funding.

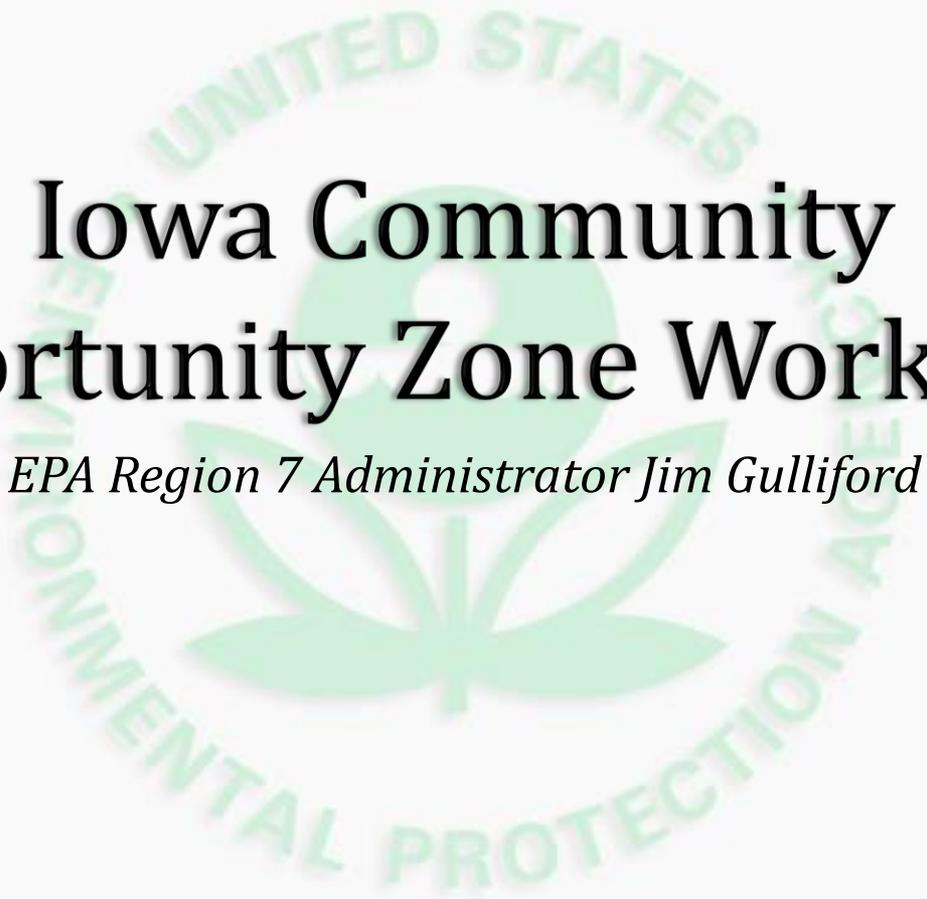


Contact Information



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A large, faint watermark of the U.S. Environmental Protection Agency logo is centered in the background. The logo features a stylized flower with three leaves and a circular center, surrounded by the text "UNITED STATES ENVIRONMENTAL PROTECTION AGENCY".

Iowa Community Opportunity Zone Workshop

EPA Region 7 Administrator Jim Gulliford



EPA's Brownfield & Land Revitalization Program

9/24/2019

Brownfields in Opportunity Zones

- Distressed conditions in Opportunity Zones often include brownfield properties.
- Brownfield assessments & cleanup costs *now eligible* for Qualified Opportunity Fund investments.
- Investments in brownfields assessment and cleanup in distressed communities help spur economic development and reduce blight.



Targeted Brownfield Assessments

Eligible activities include:

- **Inventory** to compile a list of brownfields
- **Assessment** to determine whether site is contaminated
- **Characterization** to identify past uses
- **Community involvement** to engage local stakeholders in site assessment decisions
- **Planning** for site cleanup and redevelopment to identify viable reuse opportunities





Technical Assistance for Brownfields

KANSAS STATE
UNIVERSITY.





Brownfield Grants





Empowering states, communities, and other stakeholders to work together to assess, safely clean up, and sustainably reuse brownfields.



EPA Brownfield Resources

- EPA's Brownfields Webpage
 - www.EPA.gov/brownfields
- Region 7 Sustainable Communities Coordinator
 - David Doyle
 - doyle.David@epa.gov
 - 913-551-7667

Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

Mel Pins

Iowa Brownfield Redevelopment Program

Iowa Department of Natural Resources

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Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

What is a brownfield?

“Real property, and the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contamination.”

Small Business Liability Relief and
Brownfields Revitalization Act
(January 11, 2002 Amendment to CERCLA)



Iowa DNR Brownfield Redevelopment Program

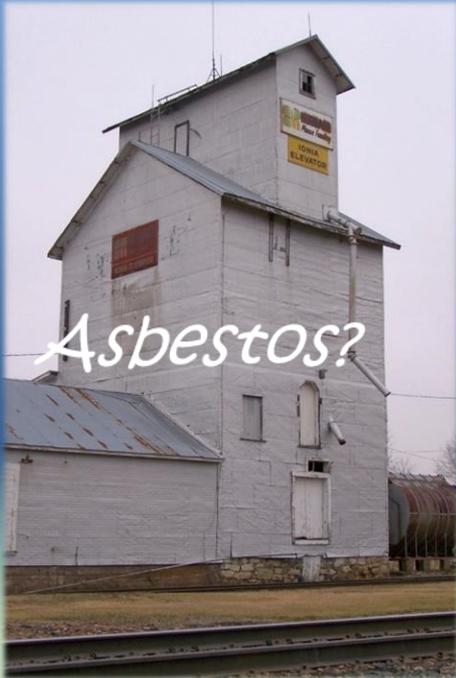
A Partner for Opportunity Zone and Community Investment

Do I have a Brownfield in my Community or Opportunity Zone?

Contamination?

Liability?

Clean up costs?





Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

DNR Brownfield Resources for Governments/Non-Profits

- *Regulatory Review and Site Status Information*
- *Grants for Environmental Assessment Prior to Acquisition*
- *Environmental Cleanup Cost-Share Grants up to \$25,000 post-acquisition*



Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

What the Community Must be Ready to Do:

- *Be the “Foster Parent” or “Adoptive Parent” of the Site*
- *Have a Quality Redevelopment Project, Goal, or Strategy for the Site*
- *Partners with Capital Resources for Redevelopment*
- *Incorporate Opportunity Zone Funds and Investors*



Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

Opportunity Zone Fund Investors Will Look for 'Reuse Ready' Sites

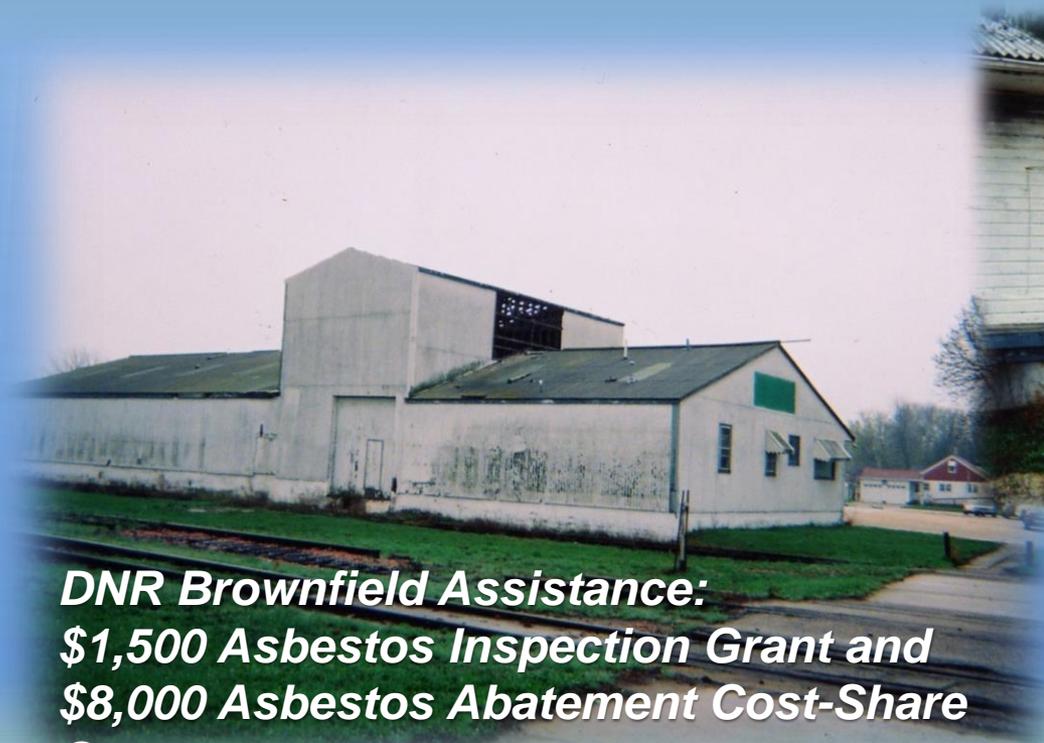
- Is the site 'Shovel Ready'?*
- Are there still environmental unknowns?*
- Old buildings with asbestos to remove for demolition or rehabilitation is a hassle.*
- Environmental questions slow down the process, and create 'brownfield stigma'.*
- EPA, Iowa DNR, and partner resources can help answer these brownfield questions.*



Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

Abandoned Warehouse – Emmetsburg, Iowa



***DNR Brownfield Assistance:
\$1,500 Asbestos Inspection Grant and
\$8,000 Asbestos Abatement Cost-Share
Grant***

Iowa DNR Brownfield Redevelopment Program

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Palo Alto County Veterans' Memorial Park - Emmetsburg, Iowa



Community & Charity Investment of \$125,000+

Iowa DNR Brownfield Redevelopment Program

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Vacant Industrial Building – Council Bluffs, Iowa



***DNR Brownfield Assistance:
\$25,000 Soil Cleanup Cost-Share Grant***

Iowa DNR Brownfield Redevelopment Program

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Artists' Lofts, Studios & Sales – Council Bluffs, Iowa



Community & Developer Investment: \$5.1 million

Iowa DNR Brownfield Redevelopment Program

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Former Chemical/Industrial District – Des Moines, Iowa



DNR Brownfield Assistance:
\$31,000 Asbestos and Soil/Groundwater Assessment
\$23,000 Asbestos Abatement Cost-Share Grant

Iowa DNR Brownfield Redevelopment Program

A Partner for Opportunity Zone and Community Investment

Jackson Crossing Residential Complex – Des Moines, Iowa



*Non-Profit Developer & Partner Investment:
\$42,000,000*

Redevelopment Tax Credit Program for Brownfields and Grayfields



Matt Rasmussen
Program Manager
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Brownfield and Grayfield Redevelopment Tax Credit Program

- » Provides tax credits for redevelopment of distressed properties that are described as brownfields or grayfields
- » Eligible applicants are private-sector or non-profits – no local governments
- » Commercial, Industrial, or Abandoned Public Buildings
- » Based on owner's percentage of planned equity investment, including:
 - 24% for brownfield sites
 - 12% for grayfield sites
- » Maximum of \$1 million per project

Brownfield and Grayfield Redevelopment Tax Credit Program

- » Annual, competitive application round
- » \$10M pool of tax credits available
- » Apps due Sept. 1st, Approvals in 60 days
- » Awarded credits 100% refundable for non-profits
- » 30 months to complete project and claim credits through CPA claim

Brownfield and Grayfield Redevelopment Tax Credit Program



Kerker Lofts, LLC- Davenport



503 Walker, LLC- Woodbine

Iowa DNR Brownfield Redevelopment Program
A Partner for Opportunity Zone and Community Investment

Partnerships and Resources
Can Turn Those Brownfield Obstacles
into Opportunities!

Mel Pins

Iowa Brownfield Redevelopment Program
Iowa Department of Natural Resources

Des Moines, Iowa

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Iowa Economic Development Authority Community Development programs

Opportunity Zone Workshop
September 19, 2019

Historic Preservation & Cultural & Entertainments Tax Credits



Historic Preservation & Cultural & Entertainments Tax Credits

- » Program provides tax incentives to developers for the redevelopment & rehabilitation of historic properties in Iowa.
- » \$45 million annual allocation
- » May be used for residential development, but also for commercial and other uses
- » State investment tax credit of 25% of “qualified rehabilitation expenditures” as defined by IRS code. Credits are transferrable & refundable.
- » IEDA administers project in partnership with the State Historic Preservation Office

Historic Preservation & Cultural & Entertainments Tax Credits

- » Rehabilitation work must meet federal *Secretary of Interior's Standards for Rehabilitation*
- » Contact Dan Hansen at IEDA with questions:

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515.348.6212

Workforce Housing Tax Incentive program

- » State tax credit program for developers to create new housing in Iowa- New construction or rehabilitation
- » \$25 million annual allocation (\$15 m for small cities set aside)
- » Includes a state investment tax credit, based on the cost of the project, and a refund of sales and use taxes paid on construction materials
- » Credits are transferrable
- » \$1 million maximum award

Workforce Housing Tax Incentive program

- » Currently, program is not accepting applications as all FY2020 credits have been allocated.
- » Program was established as first come, first served. Recent legislation revised program to competitive.
- » Currently revising administrative rules to reflect legislative changes
- » Expect next application round in summer 2020. Most likely only for small cities program component.

Community Development Block Grant (CDBG) program

- » Created in 1974. Funded through the U.S. Department of Housing and Urban Development (HUD)
- » Goal to “develop viable communities by providing decent housing and suitable living and expanding economic opportunities, principally for persons of low- and moderate-income.”
- » Eligible applicants are non-entitlement communities (under 50,000 in population) & counties
- » State of Iowa received \$23.9 million in 2019

Community Development Block Grant (CDBG) program

- » Portion of Iowa's CDBG allocation (22%) is used for housing rehabilitation
- » Currently looking at expanding housing activities to allow for upper story housing conversion/ rehabilitation
- » This change would be effective in 2020.
- » All funded projects must meet CDBG federal requirements.
 - Davis Bacon/ federal prevailing wages
 - Federal environmental review
 - Others

Questions?

Thank you for your interest in IEDA programs!

Nichole Hansen

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