



Iowa Historic Tax Credits

The Iowa State Historic Preservation and Cultural & Entertainment District (HPCED) Tax Credit Program provides a state income tax credit for the rehabilitation of historic buildings. It ensures that character-defining features and spaces of buildings are retained and helps revitalize surrounding neighborhoods. The program provides an income tax credit of up to 25% of Qualified Rehabilitation Expenditures (QREs).



35

States with HTC

Alabama, Arkansas, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Maryland, Minnesota, Missouri, Mississippi, Montana, Nebraska, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin

16

States Have No Annual Cap

Louisiana, Maine, Maryland, Minnesota, Montana, New York, North Carolina, North Dakota, Oklahoma, South Carolina, Texas, Utah, Virginia, West Virginia, Wisconsin

15

Match Iowa's 25%

Alabama, Arkansas, Colorado, Connecticut, Georgia, Illinois, Kansas, Maine, Missouri, Mississippi, North Dakota, Ohio, Pennsylvania, Texas, Virginia

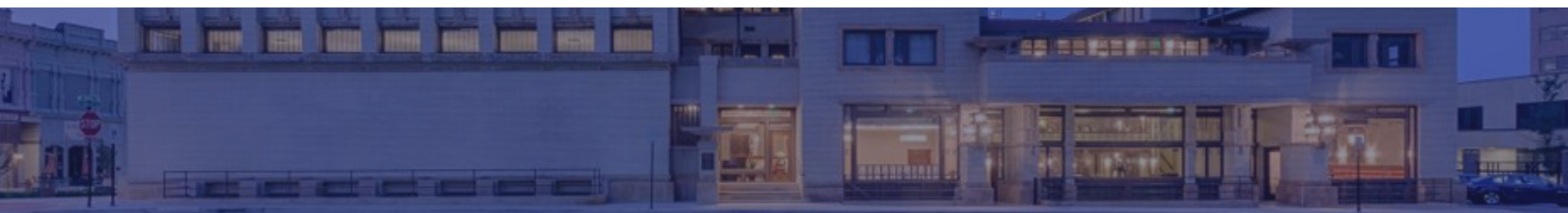
The report extrapolates across a universe of 117 commercial projects based on data sourced from 26 materially characteristic projects which received Iowa State Historic Tax Credit Part III Historic certification from January 2011 to December 2013.

Baker Tilly utilized the base data from the 26 sample projects to develop an extrapolated analysis and account for likely impacts on employment, economic output, taxes, and assessed property values across the universe of 117 commercial classified projects. Data was correlated by weighting the sampled projects proportionately by geography, project type and project QRE size. The 26 projects that were surveyed in depth comprised 56.6% of the \$411.9 million of QREs (\$103 million in Iowa State Historic Tax Credits) under analysis and were sorted into four categories; Apartment (APT), Commercial (COM), Commercial-Hotel (COM-H) and Mixed-Use (MIX).

Based on this analysis the following high level data points are notable:

- **The 117 project universe is anticipated to yield a 5.04:1 return on investment by year 3, ramping upward to 19.7:1 in year 10, and to 32.1:1 by year 15, based on direct economic outputs alone.**
- **Over 6,000 Construction jobs and roughly 4,600 permanent full time positions are projected to have been generated by these investments.**
- **An increase in assessed valuations of over 284% for these properties.**

During this same period, 152 project sites received Iowa State HTCs and had more than \$447.8 million in QREs. Included in this total are 35 projects that were agricultural, non-profit/non-revenue-producing, or were single family residential in nature which were excluded from this analysis.

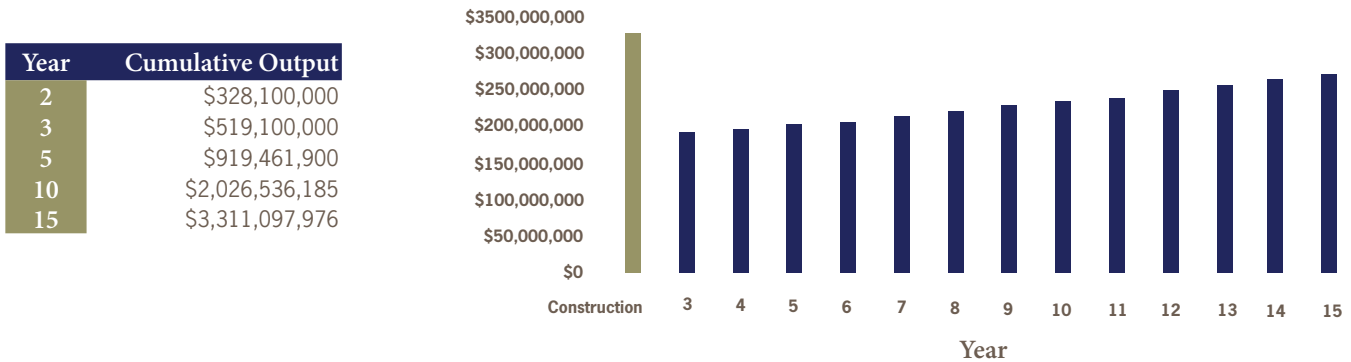


Return on Investment

In looking at the overall return on investment, these projects provide economic output returns during construction and through their placed in service dates, prior to claiming the Iowa HTC. Looking at the first anticipated stabilized year, or year 3 it is projected that the projects will yield \$5.04:\$1.00. This yield increases to \$19.68:\$1.00 by year 10, and ramps upward to \$32.1:\$1.00 by year 15. This return is calculated on the economic output projections and is therefore fairly conservative.

A projected increase in direct operational wages of \$191 million should trend upward over time, and is likely to increase ROI to the state of Iowa and local communities, as will the inclusion of property tax values – making the projected return on investment calculation provided significantly conservative.

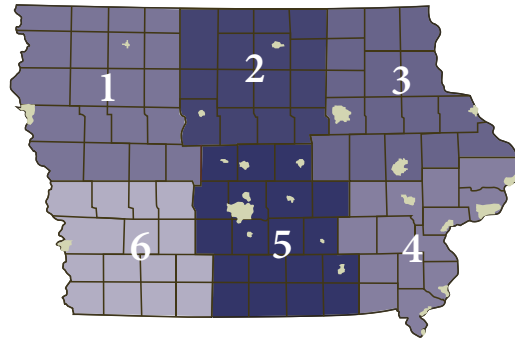
Direct Economic Output ROI of Iowa HTC Projects



Overall, the 117 Iowa HTC projects had more than \$411.9 million in eligible Iowa QREs with anticipated tax credits claimed post construction of up to \$103 million. These same projects yielded more than \$8.2 million in state and local construction taxes, more than \$18.4 million annually in direct state and local taxes from operations, and they are estimated to have created more than \$86.8 million in new assessed property value, or an increase of 284%.

Assessed Value Increase by Project Location

| | Assessed Value increase |
|--------------|-------------------------|
| Zone 1 | \$7,787,103 |
| Zone 2 | \$3,154,022 |
| Zone 3 | \$35,704,503 |
| Zone 4 | \$18,838,519 |
| Zone 5 | \$15,245,687 |
| Zone 6 | \$4,828,598 |
| TOTAL | \$ 86,885,629 |



Additionally, more than 10,700 jobs are estimated to have been created through construction and operations, and more than \$559 million in economic output is estimated to have been created from project construction periods and the first year of annual operations.

Summary of Estimate Total Impacts of Iowa HTC Projects (Direct, Indirect, Induced), by Project Type

| Project Type | Construction | | | Operations | | |
|--------------------|-----------------------|--------------|---------------------|-----------------------|--------------|---------------------|
| | Economic Output Total | Total Jobs | Total TPI | Economic Output Total | Total Jobs | Total TPI |
| APT | \$53,471,606 | 745 | \$1,219,241 | \$8,073,141 | 117 | \$522,509 |
| COM | \$130,777,927 | 2,222 | \$4,392,005 | \$172,944,535 | 3,194 | \$16,463,144 |
| COM-H | \$46,510,697 | 764 | \$1,427,238 | \$1,724,154 | 117 | \$665,416 |
| MIX | \$118,615,744 | 2,340 | \$3,943,063 | \$27,097,445 | 1,215 | \$4,220,573 |
| Grand Total | \$349,375,973 | 6,071 | \$10,981,548 | \$209,839,274 | 4,643 | \$21,871,642 |

