



# STATE OF IOWA

KIM REYNOLDS, GOVERNOR  
ADAM GREGG, LT. GOVERNOR

IOWA PRISON INDUSTRIES  
DAN CLARK, DIRECTOR

To: Jerry Bartruff – Director, Iowa Department of Corrections  
From: Dan Clark – Director, Iowa Prison Industries *DJC*  
Date: February 12, 2018  
Subject: Project Overview – Affordable Housing Produced by Offenders

## Project Overview.

Men incarcerated at the Newton Correctional Facility (NCF) and Correctional Release Center (CRC) will be trained in construction related trades as they produce affordable “stick built” 2BR and 3BR homes at the prison site. The project is patterned after the South Dakota Governor’s House program.

The project will be overseen by a newly formed nonprofit corporation whose board will be comprised of stakeholders including homebuilders, contractors, trade unions, state agencies, and councils of government. The nonprofit will contract with IPI to build the homes, hire staff, train offenders, and procure materials.

The fully built homes will be transported to sites across the state and sold to income qualified buyers via regional councils of government and other agencies. Both rural and urban areas of our state have a need for affordable workforce housing.

A site at the Newton facility is available and well suited for the project. An initial investment of \$2 million is needed to install prison fencing and truck gates, construct a warehouse for materials, and purchase tools and delivery equipment. Otherwise, the project will be self funding and will not require annual appropriations.

The project has three primary goals:

1. Reduce recidivism and make Iowa communities safer;
2. Develop a new pipeline of skilled trades for Iowa employers;
3. Produce affordable workforce houses for rural and urban communities across Iowa;

### 1. Reduce recidivism and make Iowa communities safer.

Work training and vocational education for incarcerated men and women increase their success rates after release from prison. The *Results First* study, using a methodology developed by the Pew Foundation, showed that the work training programs of Iowa Prison Industries and vocational training provided by the DOC reduced recidivism in Iowa by 8-26%, saving \$5.5 million annually. Of note, most of these savings were due to the lower number of Iowans that became crime victims.<sup>1</sup>

Nationally, a study by the Rand Corporation found that correctional education programs reduced recidivism levels by 43 percent, and that offenders participating in vocational training were 28 percent more likely to be employed after release from prison than those that did not receive such training.<sup>2</sup>



The Newton house building program will provide work training and vocational education opportunities to more than 80 offenders. The location allows men from the medium security facility to enroll in apprentice programs and begin their training, and then continue building houses as they transition to the CRC's minimum security camp.

After release, ex-offenders will be trained and ready to rejoin the civilian workforce as taxpaying citizens. Those that did not complete their apprenticeship while incarcerated can continue with a private employer or trade union. The program will allow ex-offenders to earn good wages: the average hourly wage for graduated apprentices in Iowa is \$23.95, higher than Iowans graduating with an Associate's degree<sup>3</sup>.

In addition, some ex-offenders will qualify for Workforce Innovation and Opportunity Act (WIOA) funds. These funds will help pay for any tools required for their new job, travel reimbursement to and from work, and reimbursement for dependent care. If an ex-offender needs to finish their apprenticeship program, these funds would be available to them through completion of their program.

## 2. A pipeline of apprentices for Iowa employers.

The Future Ready Iowa initiative establishes that Iowa is in the midst of a workforce crisis, with a pervasive shortage of so-called "middle skill" workers. Iowa's seasonally adjusted unemployment rate decreased to 2.8 percent in December 2017, the lowest level in 17 years. "With an unemployment rate at 2.8%, Iowa must address the shortage in skilled workers", said Beth Townsend, Iowa Workforce Development Director.

By 2025, Iowa needs more than 50,000 "non-traditional" students to earn degrees or credentials such as apprenticeships. Non-traditional students are adults ages 25-64 with no postsecondary education. Iowans in this category include low wage earners, members of underrepresented minority groups, and ex-offenders.<sup>4</sup> Notably, 35% of apprentice students in the Iowa DOC program are minorities, compared with an overall state population of 14%.

The National Association of Home Builders reports the shortage for construction workers is worse now than at any time since 2000, with some occupations such as painters at their all-time worst since NAHB started its survey in 1996<sup>5,6</sup>. The national construction unemployment rate was 5.9% in December, the lowest December rate on record, according to an analysis by Associated Builders and Contractors (ABC)<sup>7</sup>.

Home construction provides numerous opportunities for learning skilled trades, including carpentry, plumbing, electrical, roofing, painting and hanging dry wall. At present, the DOC has more than 300 apprentice students enrolled in 19 different apprentice occupations, and we expect this number to increase substantially with the house building program. DOC apprenticeships are registered with the US Dept of Labor and mirror apprentice programs in the civilian world. As a result, ex-offenders can continue their apprenticeships with private employers or trade unions after release.



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As an example, attached is the DOC program for Painter (Construction). Offenders in this occupation work with maintenance staff painting rooms and buildings at their institution. An apprenticeship requires both On-The-Job Learning as well as Related Instruction. In the case of Painter (Construction), the apprentice must complete 6,000 hours of OJL, and pass examinations for 11 different modules of Related Instruction.

Both the federal and state governments provide incentives for hiring ex-felons. The Work Opportunity Tax Credit (WOTC) offers a federal tax credit up to \$2,400 for each new hire. In addition, Iowa offers a state tax deduction of 65% of the wages paid to an ex-felon in the first 12 months of employment. The maximum deduction is \$20,000 per employee.

### 3. Address the shortage of affordable housing in rural and urban areas of Iowa.

The need for affordable housing is significant and widespread in both rural and urban areas of Iowa. In many communities, housing stocks have deteriorated and present a barrier to economic development and community revitalization.

*“Affordable housing helps form the foundation for a successful community. Safe and stable homes have a positive impact on education. Students are able to stay in the same school with the same teachers and support groups. Workforce quality is increased. Finding stable, affordable homes increases our workforce attraction, but also our workforce retention, as more people find themselves able to permanently settle in the area.”<sup>8</sup>*

The Analysis and Forecast of Housing Needs in Iowa showed that in 2010, the state had a deficit of almost 40,000 units affordable to households with income below \$20,000. In just ten years, the number of affordable units decreased by over 70,000.<sup>9</sup>

Offenders at Newton will build single story 2BR and 3BR homes in the 1,000 – 1,200 ft<sup>2</sup> range. The low cost of offender allowances, together with bulk purchases of materials such as roof shingles, lumber and drywall, will allow a turnkey selling price of about \$120,000. This price includes the home itself, delivery to the site, the lot, sidewalks, and utility connections. A home at this price is affordable to many working Iowans.

Income limits to determine buyer eligibility have not yet been established but will likely reference the statewide median income of \$62,938 for a family of three, or mirror the IFA FirstHome Program Limits, which range from \$80,385 to \$94,530 for a family of 3 or more.



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## The nonprofit corporation.

A newly formed 501(c)(3) charitable organization will oversee the program in a public-private partnership. Its Board will include stakeholders such as home builders, contractors, trade unions, as well as state and local agencies. The nonprofit corporation will contract with Iowa Prison Industries to build the homes, hire civilian staff, train offenders, and procure materials. IPI staff will provide training, supervision, and security.

Inclusion of a wide range of stakeholders, including those from the private sector, will ensure the project is well attuned to meeting its primary goals: reduce recidivism, provide a new source of skilled trades to Iowa employers, and manufacture affordable housing for Iowa's rural and urban communities.

As a charitable organization, the nonprofit will be eligible to receive certain grants and donations, which will help to keep home prices affordable.

Qualification of potential home buyers, site selection, and coordination with local cities and towns will be managed by regional councils of government and housing trust funds.

The nonprofit can partner with community colleges and other organizations for training. As an example, in 2017 DMACC began offering a 70-hour "construction prep" class at Newton. The non-credit program covers topics such as shop math, construction, OSHA 10, Iowa One Call, DOT flagging, etc. and would be valuable initial training for the house building program participants.

## Implementation and Startup.

A 22 acre site adjacent to the Newton Correctional Facility and Correctional Release Center has been selected. The parcel is currently farmed by IPI and can be made available whenever needed. Initial plans call for 12 acres of the site to be fenced. The site has a small building and provides good truck access.

An initial investment is needed to provide security fencing with a truck gate and sally port, a warehouse, a workshop and classroom building, construction tools and delivery equipment. The total initial investment is estimated at \$2.0 million. After this investment is made, the project will be self-funding and will not require state appropriations.

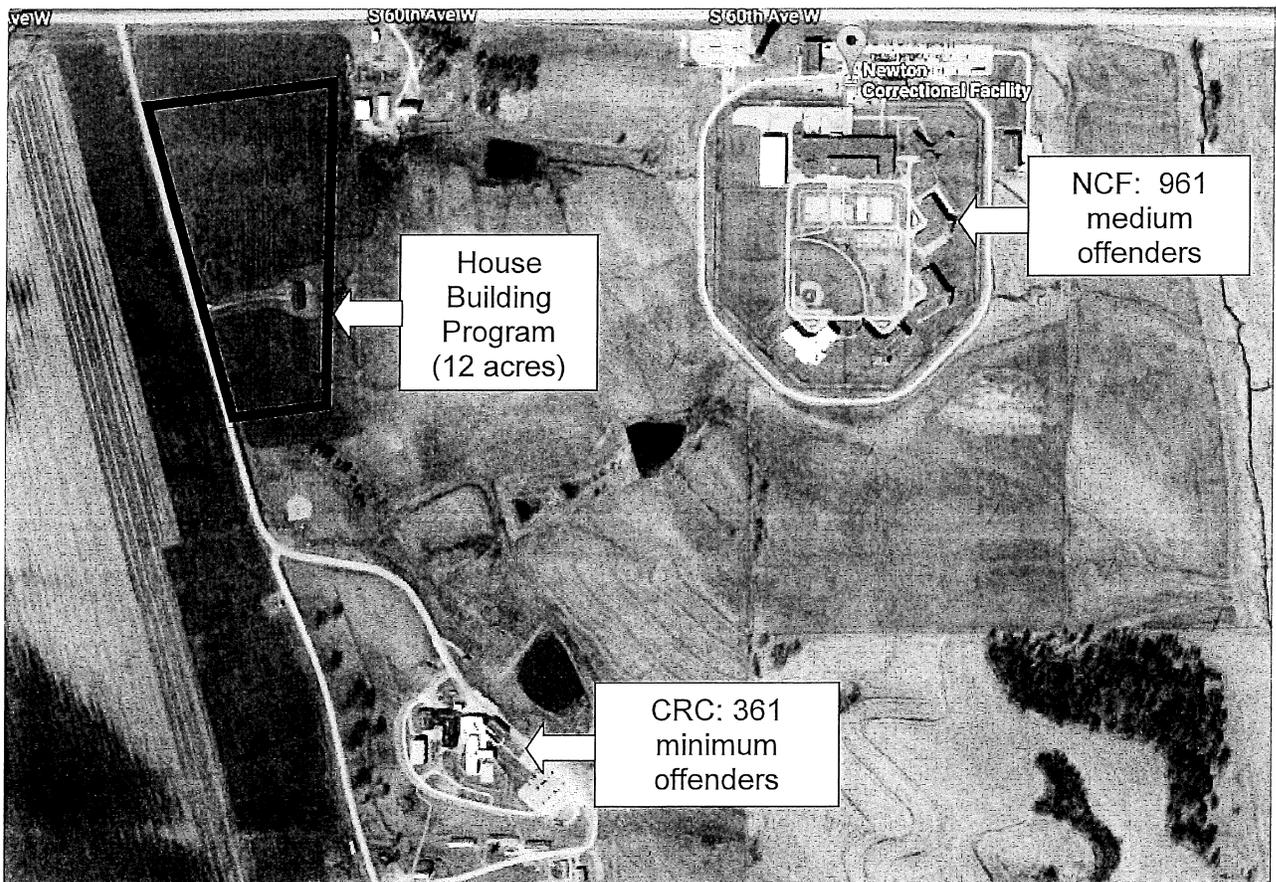
A handwritten signature in blue ink that reads "Dan".

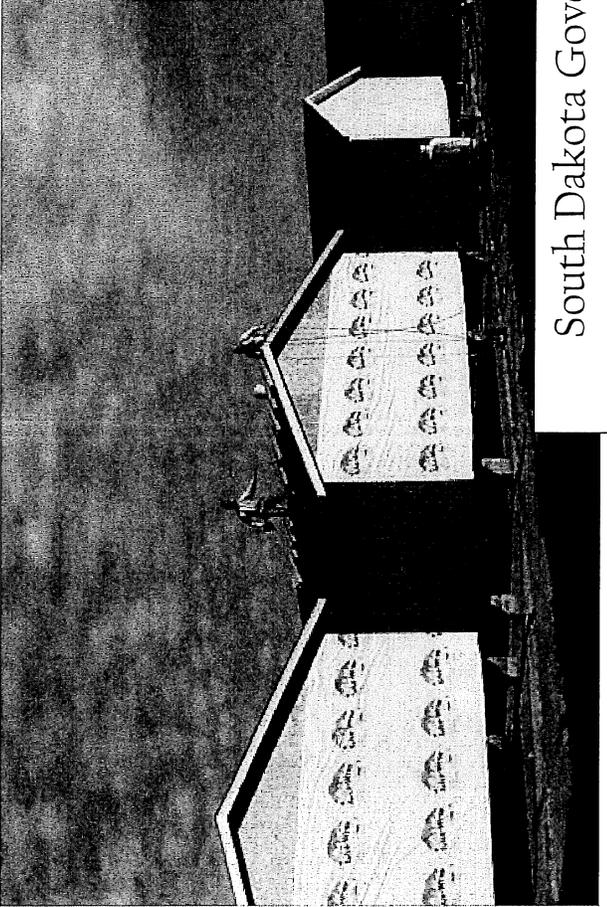
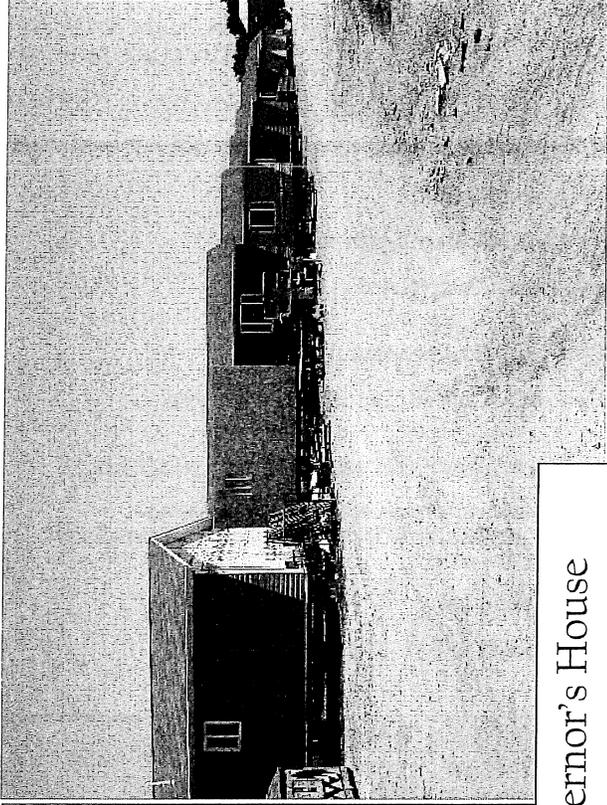
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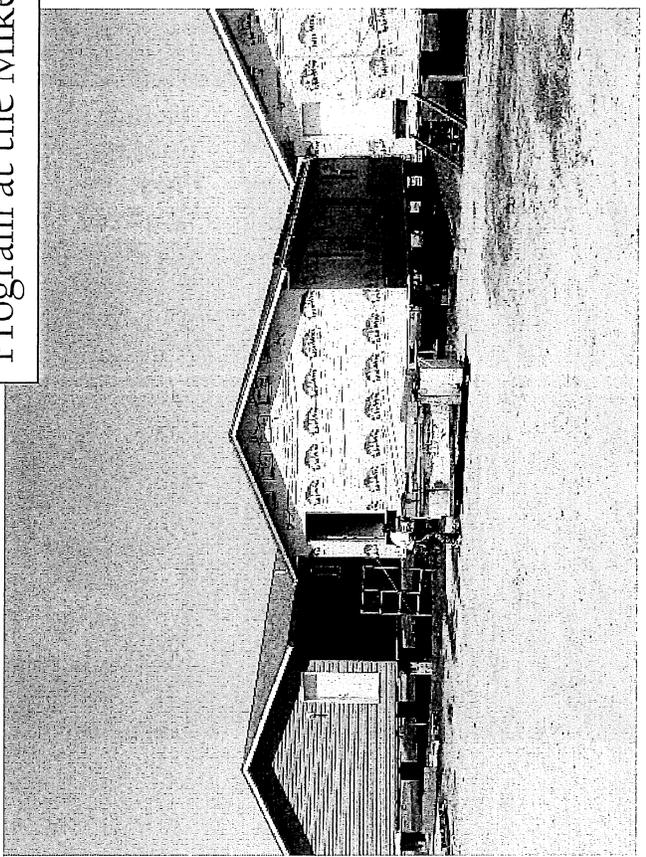
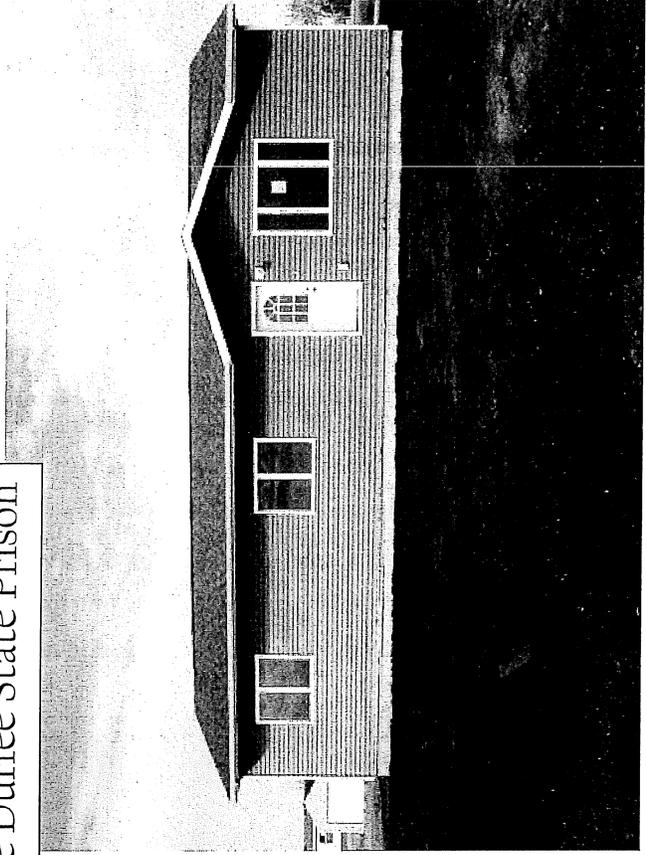
Citations:

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2. Evaluating the Effectiveness of Correctional Education, Rand Corporation, 2013. [www.rand.org/pubs/research\\_reports/RR266.html](http://www.rand.org/pubs/research_reports/RR266.html)
3. Iowa: Education and Workforce Trends through 2025 <https://www.futurereadyiowa.gov/about-future-ready-iowa>
4. Future Ready Iowa: Metrics that Matter - 2017 [www.futurereadyiowa.gov/sites/fri/files/basic\\_page\\_files/Future%20Ready%20Iowa%20Metrics%20that%20Matter\\_0.pdf](http://www.futurereadyiowa.gov/sites/fri/files/basic_page_files/Future%20Ready%20Iowa%20Metrics%20that%20Matter_0.pdf)
5. Special Questions on Labor and Subcontractors' Availability, National Association of Home Builders; July 2017 <http://eyeonhousing.org/wp-content/uploads/2017/08/July2017-SplQ-REPORT-EXTERNAL-FINAL.pdf>
6. 2017 Q4 Commercial Construction Index, USG Corp + U.S. Chamber of Commerce [https://www.uschamber.com/sites/default/files/q4\\_cci\\_12-7\\_final.pdf](https://www.uschamber.com/sites/default/files/q4_cci_12-7_final.pdf)
7. "December Construction Unemployment Rates Down Year-over-Year in 46 States as Nation Posts Lowest December Rate on Record, Says ABC" [www.abc.org/NewsMedia/ConstructionEconomics/StatebyStateConstructionEconomics/tabid/7497/entryid/12783/december-construction-unemployment-rates-down-year-over-year-in-46-states-as-nation-posts-lowest-december-rate-on-record-says-abc.aspx](http://www.abc.org/NewsMedia/ConstructionEconomics/StatebyStateConstructionEconomics/tabid/7497/entryid/12783/december-construction-unemployment-rates-down-year-over-year-in-46-states-as-nation-posts-lowest-december-rate-on-record-says-abc.aspx)
8. Polk County Housing Trust Fund, "Can I Be Your Neighbor?" <http://www.pchtf.org/canibeyourneighbor/>
9. Analysis and Forecast of Housing Needs in Iowa [http://publications.iowa.gov/21633/1/FinalAnalysis\\_66C8A3A2CEA32.pdf](http://publications.iowa.gov/21633/1/FinalAnalysis_66C8A3A2CEA32.pdf)





South Dakota Governor's House  
Program at the Mike Durfee State Prison



**WORK PROCESS SCHEDULE**  
**Occupation Title: Painter (Const)**  
**O\*NET-SOC CODE: 47-2141.00 RAPIDS CODE: 0379**

Descripton: Apprentices will receive training in the various work experiences listed below. The order in which this training is given will be determined by the flow of work on the job, and will not necessarily be in the order listed. The times allotted to these various processes are the estimated time which the average apprentice will require to learn each phase of the trade. They are intended only as a guide to indicate the quality of the training being provided, and the ability of the apprentice to absorb this training in an average time. The total term of apprenticeship is indicated below. The two columns at the right constitute a record of progress for the apprentice. Whenever an apprentice commences his training in a listed item, the apprentice Supervisor will initial the left hand column and he will also initial the right hand column when the apprentice has reached proficiency in the item. Items for which credit for previous experience has been allowed will also be initialed.

**APPROXIMATE HOURS**

<b>INTERIOR PAINTING</b> Preparatory Work - Washing and repairing plaster, tack stopping, removing old paint and varnish, sanding, washing wood, protecting floors and furniture, scaffolding, use of drop cloth, care of tools, safety rules and health factors. Dry Wall - Painting plaster, priming, st rippling, applying finish coats. Painting Wood - Shellacking knots, priming, puttying, sanding, applying finish coats. Varnishing Wood - Staining, filling, shellacking, sanding, puttying, bleaching, applying finish coats, rubbing.	2000
<b>EXTERIOR PAINTING</b> Preparatory Work - Use of drop cloth, washing, scraping, sanding, care of tools safety rules and health factors. Painting Wood - Shellacking knots, priming and putting and applying finish coats, staining and oiling Painting Metal - Scraping and sanding, removing rust, treating new metal for painting, protective primer, coats, tool use and care, safety factors.	2000
<b>WALL COVERING</b> Preparatory Work - Use of drop cloth, protecting, furniture, removing old paper, repairing walls, sizing walls. Hanging Paper - Measuring and cutting paper, pasting and trimming paper, hanging ceilings, handing side walls, hanging border, canvas and vinyl.	1800
<b>SPRAY PAINTING</b> Mixing paint, cleaning, use of spray gun, roller painting, tool use and care, safety rules.	200
<b>TOTAL MINIMUM HOURS</b>	<b>6000</b>

**RELATED INSTRUCTION OUTLINE**  
**Occupation Title: PAINTER (CONST)**  
**O\*NET-SOC CODE: 47-2141.00 RAPIDS CODE: 0379**

**Related instruction instruction – This instruction shall include, but not be limited to :**

	<b>APPROXIMATE HOURS</b>
Using Portable Power Tools	40
Introduction to Carpentry	50
Cleaning Chemicals	40
Using Hand Tools	40
Industrial Safety and Health	50
Structural Painting	40
Developing Troubleshooting Skills	40
Making Measurements	40
Finishing the Building Interior	40
Working with Nonmetals in the Plant	40
Chemical Hazards	40
<b>TOTAL MINIMUM HOURS</b>	<b>460</b>

Senate File 2225

1 Amend Senate File 2225 as follows:

2 1. By striking everything after the enacting clause and  
3 inserting:

4 <DIVISION I

5 PRISON HOME BUILDING PROGRAM

6 Section 1. NEW SECTION. 904.810 Iowa homes corporation.

7 1. A council of government, as described in chapter 28H,  
8 in consultation with the state director and industries board,  
9 shall establish the Iowa homes corporation as a nonprofit  
10 corporation organized under chapter 504 and qualifying  
11 under section 501(c)(3) of the Internal Revenue Code as  
12 an organization exempt from taxation. Unless otherwise  
13 provided in this subchapter, the corporation is subject to  
14 the provisions of chapter 504. The corporation shall be  
15 established for the purpose of operating the affordable home  
16 building program as provided in section 904.811.

17 2. The corporation shall collaborate with the state  
18 director and industries board but the corporation shall not  
19 be considered, in whole or in part, an agency, department, or  
20 administrative unit of the state.

21 a. The corporation shall not receive appropriations from the  
22 state.

23 b. The corporation shall not be required to comply with  
24 any requirements that apply to a state agency, department, or  
25 administrative unit and shall not exercise any sovereign power  
26 of the state.

27 c. The corporation does not have authority to pledge the  
28 credit of the state, and the state shall not be liable for  
29 the debts or obligations of the corporation. All debts and  
30 obligations of the corporation shall be payable solely from the  
31 corporation's funds.

32 3. a. The corporation shall be established so that  
33 donations and bequests to it qualify as tax deductible under  
34 state income tax laws and under section 501(c)(3) of the  
35 Internal Revenue Code.

1     *b.* The corporation shall be established for the purpose of  
2 operating the affordable home building as provided in section  
3 904.811.

4     4. The articles of the corporation shall provide for its  
5 governance and its efficient management. In providing for its  
6 governance, the articles of the corporation shall address the  
7 following:

8     *a.* A board of directors to govern the corporation which  
9 shall be appointed to concurrent terms of four years and  
10 shall consist of at least the following members appointed as  
11 determined by the articles of the corporation:

12     (1) One member representing general homebuilding or  
13 residential contractors.

14     (2) One member representing a nonprofit housing  
15 organization.

16     (3) One member representing trade labor organizations.

17     (4) One member representing councils of governments.

18     (5) One member representing agencies, groups and  
19 individuals in this state, such as apprenticeship programs,  
20 community colleges, workforce development regions, or similar  
21 entities, which plan and maintain programs of vocational and  
22 technical education oriented to the development of marketable  
23 skills.

24     (6) One member representing the financial industry and  
25 familiar with real estate development and residential finance.

26     (7) One member representing the department.

27     *b.* The appointment of a chief executive officer by the board  
28 of directors to manage the corporation's daily operations.

29     *c.* The delegation of such powers and responsibilities  
30 to the chief executive officer as may be necessary for the  
31 corporation's efficient operation.

32     *d.* The employment of personnel necessary for the efficient  
33 performance of the duties assigned to the corporation. All  
34 such personnel shall be considered employees of the private,  
35 nonprofit corporation and shall be exempt from the personnel

1 requirements imposed on state agencies, departments, and  
2 administrative units.

3 e. The financial operations of the corporation including the  
4 authority to receive and expend moneys from public and private  
5 sources and to use its property, moneys, or other resources for  
6 the purpose of the corporation.

7 5. The board of directors and the chief executive officer  
8 shall act to ensure all of the following:

9 a. That the corporation reviews and, at the board of  
10 director's direction, implements the requirements of the  
11 affordable home building program as provided in section  
12 904.811.

13 b. That the corporation prepares an annual budget that  
14 includes funding levels for the corporation's activities and  
15 that shows sufficient moneys are available to support those  
16 activities.

17 c. That the corporation annually completes and files an  
18 information return as described in section 422.15 and that the  
19 information return is submitted to the general assembly.

20 6. a. The corporation shall submit an annual report to  
21 the governor, the general assembly, and the auditor of state  
22 by January 15. The report shall include the corporation's  
23 operations and activities during the prior fiscal year relative  
24 to the affordable home building program as provided in section  
25 904.811.

26 b. An annual audit of the corporation performed by a  
27 certified public accountant in accordance with generally  
28 accepted accounting principles shall be filed with the office  
29 of auditor of state and made available to the public.

30 Sec. 2. NEW SECTION. 904.811 Affordable home building  
31 program.

32 1. The Iowa homes corporation, established pursuant to  
33 section 904.810, in cooperation with the state director and  
34 industries board, shall operate an affordable home building  
35 program for the purposes of manufacturing affordable housing

1 through the use of inmate labor within state correctional  
2 institutions subject to the requirements of this section.  
3 The objectives of the program are to provide meaningful work  
4 opportunities to inmates as described in section 904.801, to  
5 provide a new source of skilled workers in the home building  
6 and construction sectors, and to provide affordable housing for  
7 rural and urban areas of the state.

8 2. The Iowa homes corporation shall establish guidelines  
9 regarding the production and purchase of homes manufactured  
10 under the program subject to the following requirements:

11 a. The Iowa homes corporation shall enter into an agreement  
12 with the state director who shall provide an inmate workforce  
13 for the program consistent with the objectives of section  
14 904.801. The state director shall provide inmate training  
15 and apprenticeships in partnership with community colleges  
16 and relevant groups, organizations, individuals, or state or  
17 federal departments to implement training and apprenticeship  
18 opportunities for inmates.

19 b. The Iowa homes corporation shall coordinate with councils  
20 of governments for the sale of homes manufactured under the  
21 program. The sale price to purchasers shall not exceed an  
22 amount in excess of ten percent more than the delivered home  
23 unit purchase price set by the corporation.

24 c. Homes purchased under the program shall be for the  
25 sole purpose of providing a primary residence for an eligible  
26 homebuyer and the purchased homes shall maintain a three-year  
27 affordability period secured by a deed restriction. For  
28 purposes of this section, an eligible homebuyer shall be a  
29 person whose median family income is at or below the median  
30 family income of the state, according to the household size  
31 as published by United States department of housing and urban  
32 development.

33 d. Homes purchased under the program may be resold at any  
34 time by a purchaser after completion of initial development.  
35 All sales are governed by the three-year affordability

1 period, which begins on the first date occupied by an eligible  
2 homebuyer, secured by a recorded deed restriction.

3 e. Each home constructed shall comply with applicable  
4 building codes and shall be subject to the planning, zoning,  
5 sanitary, and building laws, ordinances, and regulations  
6 applicable to the locality in which the home will be situated.

7 f. Preparation of the site for the location of a  
8 home manufactured under this program shall be the sole  
9 responsibility of the purchaser, purchaser's agent, purchaser's  
10 developer, or other party developing a site for home  
11 development. The Iowa home corporation shall develop required  
12 site characteristics of the home site to be met before home  
13 delivery is completed.

14 g. The Iowa home corporation shall manufacture no more  
15 than three hundred homes each fiscal year under the program.  
16 However, the state director may authorize the manufacture of  
17 more than three hundred homes in a fiscal year for good cause  
18 upon request of the Iowa home corporation.

19 DIVISION II

20 REBUILD IOWA INFRASTRUCTURE FUND

21 Sec. 3. REBUILD IOWA INFRASTRUCTURE FUND — DEPARTMENT OF  
22 CORRECTIONS — HOME BUILDING PROGRAM APPROPRIATION. There is  
23 appropriated from the rebuild Iowa infrastructure fund to the  
24 department of corrections for the fiscal year beginning July  
25 1, 2018, and ending June 30, 2019, the following amount, or  
26 so much thereof as is necessary, to be used for the purposes  
27 designated:

28 For costs associated with site development and improvement,  
29 construction, and related equipment purchases necessary for  
30 establishing an affordable home building program pursuant to  
31 section 904.811 as enacted in this Act, notwithstanding section  
32 8.57, subsection 5, paragraph "c":

33 ..... \$ 2,000,000>

34 2. Title page, by striking lines 1 through 3 and inserting  
35 <An Act establishing a prison affordable home building program

1 and making an appropriation.>

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