

compensation, and specifying the amount to be paid by each party. A party who makes advance payment for the services of the trustees may take legal action to recover the amount of the payment from the party who is directed to pay by the trustees unless the party entitled to recovery under this subsection is paid within ten days after a demand for reimbursement is made.

Sec. 2. Section three hundred fifty-nine point forty-seven (359.47), Code 1979, is amended by striking the section and inserting in lieu thereof the following:

359.47 COMPENSATION OF TOWNSHIP CLERK. A township clerk while engaged in official business shall be compensated at the same rate as the pay rate of a township trustee of the same township.

Sec. 3. A county supervisor who before May 1, 1979, accepted an appointment to any appointive board, commission or committee of this state or a political subdivision of this state may continue to hold the office of county supervisor and membership on the board, commission or committee until the expiration of his or her term as county supervisor or July 1, 1981, whichever occurs first.

Approved June 4, 1979

CHAPTER 84

URBAN REVITALIZATION AREAS TAX EXEMPTIONS

H. F. 81

AN ACT relating to property tax exemptions for property on which improvements have been made in a revitalization area of a city and authorizing cities to issue revenue bonds for revitalization and urban renewal areas.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. The governing body of a city may, by ordinance, designate an area of the city as a revitalization area, if that area is any of the following:

1. An area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, the existence of conditions which endanger life or property by fire and other causes or a combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime, and which is detrimental to the public health, safety, or welfare.

2. An area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, incompatible land use relationships, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary

or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the actual value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or a combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use.

3. An area in which there is a predominance of buildings or improvements which by reason of age, history, architecture or significance should be preserved or restored to productive use.

Sec. 2. NEW SECTION. A city may only exercise the authority conferred upon it in this Act after the following conditions have been met:

1. The governing body has adopted a resolution finding that the rehabilitation, conservation, redevelopment, or a combination thereof of the area is necessary in the interest of the public health, safety, or welfare of the residents of the city and the area meets the criteria of section one (1) of this Act.

2. The city has prepared a proposed plan for the designated revitalization area. The proposed plan shall include all of the following:

a. A legal description of the real estate forming the boundaries of the proposed area along with a map depicting the existing parcels of real estate.

b. The existing assessed valuation of the real estate in the proposed area, listing the land and building values separately.

c. A list of names and addresses of the owners of record of real estate within the area.

d. The existing zoning classifications and district boundaries and the existing and proposed land uses within the area.

e. Any proposals for improving or expanding city services within the area including but not limited to transportation facilities, sewage, garbage collection, street maintenance, park facilities and police and fire protection.

f. A statement specifying whether the revitalization is applicable to residential, agricultural, commercial or industrial property within the designated area or a combination thereof and whether the revitalization is for rehabilitation and additions to existing buildings or new construction or both. The city shall state how long it is estimated that the area shall remain a designated revitalization area which time shall be longer than one year from the date of designation and shall state any plan by the city to issue revenue bonds for revitalization projects within the area.

g. The provisions that have been made for the relocation of persons, including families, business concerns and others, whom the city anticipates will be displaced as a result of improvements to be made in the designated area.

h. Any tax exemption schedule that shall be used in lieu of the schedule set out in subsection one (1), two (2), three (3) or four (4) of section three (3) of this Act. This schedule shall not allow a greater exemption, but may allow a smaller exemption, than allowed in the schedule specified in

the corresponding subsection of section three (3) of this Act and shall be the same schedule used for all property of the same classification located in an existing revitalization area.

i. The percent increase in actual value requirements that shall be used in lieu of the fifteen and ten percent requirements specified in subsection seven (7) of section three (3) and in section five (5) of this Act. This percent increase in actual value requirements shall not be greater than that provided in this Act and shall be the same requirements applicable to all existing revitalization areas.

j. A description of any federal, state or private grant or loan program likely to be a source of funding for that area for residential improvements and a description of any grant or loan program which the city has or will have as a source of funding for that area for residential improvements.

3. The city has filed a copy of the proposed plan for the designated revitalization area with the city development board by the fourteenth day before the scheduled public hearing.

4. The city has scheduled a public hearing and notified all owners of record of real property located within the proposed area, the tenants living within the proposed area and the city development board in accordance with section three hundred sixty-two point three (362.3) of the Code. In addition to notice by publication, notification shall also be given by ordinary mail to the last known address of the owners of record. The city shall also send notice by ordinary mail addressed to the "occupants" of city addresses located within the proposed area, unless the city council, by reason of lack of a reasonably current and complete address list, or for other good cause, shall have waived such notice. Notwithstanding the provisions of section three hundred sixty-two point three (362.3), Code 1979, such notice shall be given by the thirtieth day prior to the public hearing.

5. The public hearing has been held.

6. A second public hearing has been held (if:

a. The city development board requests, by certified mail, a second public hearing within thirty days after receipt of the minutes of the first public hearing or;

b. The city has received within thirty days after the holding of the first public hearing a valid petition requesting a second public hearing containing the signatures and current addresses of property owners that represent at least ten percent of the privately-owned property within the designated revitalization area or;

c. The city has received within thirty days after the holding of the first public hearing a valid petition requesting a second public hearing containing the signatures and current addresses of tenants that represent at least ten percent of the residential units within the designated revitalization area.

At any such second public hearing the city may specifically request those in attendance to indicate the precise nature of desired changes in the proposed plan.

7. The city has adopted the proposed or amended plan, as the case may be, for the revitalization area after the requisite number of hearings. The city may subsequently amend this plan by following the procedures in this section.

Sec. 3. NEW SECTION.

1. All qualified real estate assessed as residential property is eligible to receive an exemption from taxation based on the actual value added by the improvements. The exemption is for a period of ten years. The amount of the exemption is equal to a percent of the actual value added by the improvements, determined as follows: one hundred fifteen percent of the value added by the improvements. However, the amount of the actual value added by the improvements which shall be used to compute the exemption shall not exceed twenty thousand dollars and the granting of the exemption shall not result in the actual value of the qualified real estate being reduced below the actual value on which the homestead credit is computed under section four hundred twenty-five point one (425.1) of the Code.

2. All qualified real estate is eligible to receive a partial exemption from taxation on the actual value added by the improvements. The exemption is for a period of ten years. The amount of the partial exemption is equal to a percent of the actual value added by the improvements, determined as follows:

- a. For the first year, eighty percent.
- b. For the second year, seventy percent.
- c. For the third year, sixty percent.
- d. For the fourth year, fifty percent.
- e. For the fifth year, forty percent.
- f. For the sixth year, forty percent.
- g. For the seventh year, thirty percent.
- h. For the eighth year, thirty percent.
- i. For the ninth year, twenty percent.
- j. For the tenth year, twenty percent.

3. All qualified real estate is eligible to receive a one hundred percent exemption from taxation on the actual value added by the improvements. The exemption is for a period of three years.

4. All qualified real estate assessed as commercial property, consisting of three or more separate living quarters with at least seventy-five percent of the space used for residential purposes, is eligible to receive a one hundred percent exemption from taxation on the actual value added by the improvements. The exemption is for a period of ten years.

5. The owners of qualified real estate eligible for the exemption provided in this section shall elect to take the applicable exemption provided in subsection one (1), two (2), three (3) or four (4) of this section or provided in the different schedule adopted in the city plan if a different schedule has been adopted. Once the election has been made and the exemption granted, the owner is not permitted to change the method of exemption.

6. The tax exemption schedule specified in subsection one (1), two (2), three (3) or four (4) of this section shall apply to every revitalization area within a city unless a different schedule is adopted in the city plan as provided in section two (2) of this Act. However, a city shall not adopt a different schedule unless every revitalization area within the city has the same schedule applied to it and the schedule adopted does not provide for a

larger tax exemption in a particular year than is provided for that year in the schedule specified in the corresponding subsection of this section.

7. "Qualified real estate" as used in this Act means real property, other than land, which is located in a designated revitalization area and to which improvements have been added, during the time the area was so designated, which have increased the actual value by at least the percent specified in the plan adopted by the city pursuant to section two (2) of this Act or if no percent is specified then by at least fifteen percent, or at least ten percent in the case of real property assessed as residential property or which have, in the case of land upon which is located more than one building and not assessed as residential property, increased the actual value of the buildings to which the improvements have been made by at least fifteen percent. "Qualified real estate" also means land upon which no structure existed at the start of the new construction, which is located in a designated revitalization area and upon which new construction has been added during the time the area was so designated. "Improvements" as used in this Act includes rehabilitation and additions to existing structures as well as new construction on vacant land or on land with existing structures. However, new construction on land assessed as agricultural property shall not qualify as "improvements" for purposes of this Act unless the governing body of the city has presented justification at a public hearing held pursuant to section two (2) of this Act for the revitalization of land assessed as agricultural property by means of new construction. Such justification shall demonstrate, in addition to the other requirements of this Act, that the improvements on land assessed as agricultural land will utilize the minimum amount of agricultural land necessary to accomplish the revitalization of the other classes of property within the urban revitalization area. However, if such construction, rehabilitation or additions were begun prior to January 29, 1979, or one year prior to the adoption by the city of a plan of urban revitalization pursuant to section two (2) of this Act, whichever occurs later, the value added by such construction, rehabilitation or additions shall not constitute an increase in value for purposes of qualifying for the exemptions listed in this section. "Actual value added by the improvements" as used in this Act means the actual value added as of the first year for which the exemption was received.

8. The fifteen and ten percent increase in actual value requirements specified in subsection seven (7) of this section shall apply to every revitalization area within a city unless different percent increases in actual value requirements are adopted in the city plan as provided in section two (2) of this Act. However, a city shall not adopt different requirements unless every revitalization area within the city has the same requirements and the requirements do not provide for a greater percent increase than specified in subsection seven (7) of this section.

Sec. 4. NEW SECTION. A person may submit a proposal for an improvement project to the governing body of the city to receive prior approval for eligibility for a tax exemption on the project. The governing body shall, by resolution, give its prior approval for an improvement project if the project is in conformance with the plan for revitalization developed by the city.

Such prior approval shall not entitle the owner to exemption from taxation until the improvements have been completed and found to be qualified real estate; however, if the proposal is not approved, the person may submit an amended proposal for the governing body to approve or reject.

An application shall be filed for each new exemption claimed. The first application for an exemption shall be filed by the owner of the property with the governing body of the city in which the property is located by February first of the assessment year for which the exemption is first claimed, but not later than the year in which all improvements included in the project are first assessed for taxation. The application shall contain, but not be limited to, the following information: the nature of the improvement, its cost, the estimated or actual date of completion, the tenants that occupied the owner's building on the date the city adopted the resolution referred to in subsection one (1) of section two (2) of this Act, and which exemption in section three (3) of this Act or in the different schedule, if one has been adopted, will be elected.

The governing body of the city shall approve the application, subject to review by the local assessor pursuant to section five (5) of this Act, if the project is in conformance with the plan for revitalization developed by the city, is located within a designated revitalization area and if the improvements were made during the time the area was so designated. The governing body of the city shall forward for review all approved applications to the appropriate local assessor by March first of each year with a statement indicating whether subsection one (1), two (2), three (3) or four (4) of section three (3) of this Act applies or if a different schedule has been adopted, which exemption from that schedule applies. Applications for exemption for succeeding years on approved projects shall not be required.

Sec. 5. NEW SECTION. The local assessor shall review each first-year application by making a physical review of the property, to determine if the improvements made increased the actual value of the qualified real estate by at least fifteen percent or at least ten percent in the case of real property assessed as residential property or the applicable percent increase requirement adopted by the city under section two (2) of this Act. If the assessor determines that the actual value of that real estate has increased by at least the requisite percent, the assessor shall proceed to determine the actual value of the property and certify the valuation determined pursuant to section three (3) of this Act to the county auditor at the time of transmitting the assessment rolls. However, if a new structure is erected on land upon which no structure existed at the start of the new construction, the assessor shall proceed to determine the actual value of the property and certify the valuation determined pursuant to section three (3) of this Act to the county auditor at the time of transmitting the assessment rolls. The assessor shall notify the applicant of the determination, and the assessor's decision may be appealed to the local board of review at the times specified in section four hundred forty-one point thirty-seven (441.37) of the Code. If an application for exemption is denied as a result of failure to sufficiently increase the value of the real estate as provided in section three (3) of this Act, the owner may file a first annual application in a

subsequent year when additional improvements are made to satisfy requirements of section three (3) of this Act, and the provisions of section four (4) of this Act shall apply. After the tax exemption is granted, the local assessor shall continue to grant the tax exemption, with periodic physical review by the assessor, for the time period specified in subsection one (1), two (2), three (3) or four (4) of section three (3) of this Act, or specified in the different schedule if one has been adopted, under which the exemption was granted. The tax exemptions for the succeeding years shall be granted without the taxpayer having to file an application for the succeeding years.

Sec. 6. NEW SECTION. Upon application to it and after verification by it, the city shall require compensation of at least one month's rent and may require compensation of actual relocation expenses be paid to a qualified tenant whose displacement is due to action on the part of a property owner to qualify for the benefits under this Act. However, the city may require the persons causing the qualified tenant to be displaced to pay all or a part of the relocation payments as a condition for receiving a tax exemption under section three (3) of this Act. "Qualified tenant" as used in this Act shall mean the legal occupant of a residential dwelling unit which is located within a designated revitalization area and who has occupied the same dwelling unit continuously since one year prior to the city's adoption of the plan pursuant to section two (2) of this Act.

Sec. 7. NEW SECTION. When in the opinion of the governing body of a city the desired level of revitalization has been attained or economic conditions are such that the continuation of the exemption granted by this Act would cease to be of benefit to the city, the governing body may repeal the ordinance establishing a revitalization area. In that event, all existing exemptions shall continue until their expiration.

Sec. 8. NEW SECTION. Residential real estate located within an area designated as a revitalization area pursuant to section one (1) of this Act, is not subject to the additional tax imposed by section four hundred forty-five point sixty-three (445.63) of the Code.

Agricultural real estate located within an area designated as a revitalization area pursuant to section one (1) of this Act may be exempt from the additional tax imposed by section four hundred forty-five point sixty-three (445.63) of the Code at the discretion of the governing body of the city. However, before the governing body may exempt agricultural real estate from the imposition of the additional tax, it must have present at the public hearing required to be held under section two (2) of this Act evidence of the waiver of the imposition of the tax and the potential amount of the additional taxes that will not be collected.

Sec. 9. Section three hundred sixty-eight point ten (368.10), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

The board shall conduct studies of city development, and shall submit an annual report to the governor and to such members of the general assembly as request it. This report shall include an analysis of all plans for designated revitalization areas filed with the board pursuant to sections one (1) through seven (7) of this Act since the last annual report.

Sec. 10. Chapter four hundred nineteen (419), Code 1979, is amended by adding the following new section:

NEW SECTION. Cities may also issue revenue bonds for projects located within a qualified urban renewal area or an area designated a revitalization area pursuant to sections one (1) through seven (7) of this Act. The revenue bonds shall be issued pursuant to the provisions of this chapter and all provisions of this chapter shall apply, except that:

1. The term "project" as defined in section four hundred nineteen point one (419.1) of the Code includes land, buildings, or improvements which are suitable for use as residential property or for the use of a commercial enterprise or nonprofit organization which the governing body finds is consistent with the urban renewal plan for a qualified urban renewal area or the revitalization plan, as the case may be.

2. To the extent that a city is authorized to pay out or contribute to the cost of a project under chapter four hundred three (403) of the Code in the case of a qualified urban renewal area or under sections one (1) through seven (7) of this Act in the case of a revitalization area, the provisions of section four hundred nineteen point eight (419.8) of the Code shall not apply.

3. The provisions of section four hundred nineteen point fourteen (419.14) of the Code shall not apply to projects within a qualified urban renewal area.

The power to issue revenue bonds pursuant to this section is in addition to other powers granted cities to aid qualified urban renewal areas and revitalization areas.

The term "qualified urban renewal area" means an urban renewal area designated as such pursuant to chapter four hundred three (403) of the Code before the effective date of this Act.

Sec. 11. It is the intent of the general assembly that Iowa Housing Finance Authority shall make an allocation of funds subject to availability of single-family mortgage bond proceeds to be made available to or on behalf of owners of single-family residential property for mortgage loans on single-family housing that is rehabilitated with private funds and is located in urban revitalization areas designated pursuant to this Act.

Sec. 12. This Act applies to all cities including special charter cities.

Approved May 10, 1979