

FEB 10 2004
LOCAL GOVERNMENT

HOUSE FILE 2197
BY WINCKLER and
HUTTER

(COMPANION TO LSB 5614SS
BY TINSMAN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to local government authority to encourage
2 development and rehabilitation of certain real property and
3 including effective date and applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2197

1 Section 1. Section 404.3, subsection 2, Code 2003, is
2 amended to read as follows:

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

- 9 a. For the first year, eighty percent.
- 10 b. For the second year, ~~seventy~~ seventy-five percent.
- 11 c. For the third year, ~~sixty~~ seventy percent.
- 12 d. For the fourth year, ~~fifty~~ sixty-five percent.
- 13 e. For the fifth year, ~~forty~~ sixty percent.
- 14 f. For the sixth year, ~~forty~~ fifty-five percent.
- 15 g. For the seventh year, ~~thirty~~ fifty percent.
- 16 h. For the eighth year, ~~thirty~~ forty-five percent.
- 17 i. For the ninth year, ~~twenty~~ forty percent.
- 18 j. For the tenth year, ~~twenty~~ thirty-five percent.
- 19 k. For the eleventh year, thirty percent.
- 20 l. For the twelfth year, twenty-five percent.
- 21 m. For the thirteenth year, twenty percent.
- 22 n. For the fourteenth year, twenty percent.
- 23 o. For the fifteenth year, twenty percent.

24 Sec. 2. Section 404.3, subsection 3, Code 2003, is amended
25 to read as follows:

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

30 Sec. 3. Section 446.19A, subsection 2, Code 2003, is
31 amended to read as follows:

32 2. On the day of the regular tax sale or any continuance
33 or adjournment of the tax sale, the county or a city may bid
34 for abandoned property assessed as residential property or as
35 commercial multifamily housing property a sum equal to the

1 total amount due. Money shall not be paid by the county or
2 city for the purchase, but each of the tax-levying and tax-
3 certifying bodies having any interest in the taxes shall be
4 charged with the total amount due the tax-levying or tax-
5 certifying body as its just share of the purchase price.
6 Prior to the purchase, the county or city shall file with the
7 county treasurer a verified statement that a parcel to be
8 purchased is abandoned and deteriorating in condition or is,
9 or is likely to become, a public nuisance, and that the parcel
10 is suitable for use ~~for low or moderate income~~ as housing
11 following rehabilitation.

12 Sec. 4. Section 446.19A, subsection 4, paragraph a, Code
13 2003, is amended to read as follows:

14 a. The city or county may assign the tax sale certificate
15 obtained pursuant to this section. ~~Preference shall be given~~
16 ~~to purchasers who are low or moderate income families or~~
17 ~~organizations which assist low or moderate income families to~~
18 ~~obtain housing.~~ Persons who purchase certificates from the
19 city or county under this subsection are liable for the total
20 amount due the certificate holder pursuant to section 447.1.

21 Sec. 5. Section 446.19A, subsection 5, Code 2003, is
22 amended to read as follows:

23 5. For the purposes of this section, "abandoned" means the
24 same as in section 657A.1. ~~For the purposes of this section,~~
25 ~~"low or moderate income families" has the same meaning as in~~
26 ~~section 403.17.~~

27 Sec. 6. Section 447.9, subsection 1, Code 2003, is amended
28 to read as follows:

29 1. After one year and nine months from the date of sale,
30 or after nine months from the date of a sale made under
31 section 446.18~~7~~-~~446.19A~~~~7~~, or 446.39, or after three months from
32 the date of a sale made under section 446.19A, the holder of
33 the certificate of purchase may cause to be served upon the
34 person in possession of the parcel, and also upon the person
35 in whose name the parcel is taxed, a notice signed by the

1 certificate holder or the certificate holder's agent or
2 attorney, stating the date of sale, the description of the
3 parcel sold, the name of the purchaser, and that the right of
4 redemption will expire and a deed for the parcel be made
5 unless redemption is made within ninety days from the
6 completed service of the notice. The notice shall be served
7 by both regular mail and certified mail to the person's last
8 known address and such service is deemed completed when the
9 notice by certified mail is deposited in the mail and
10 postmarked for delivery. The ninety-day redemption period
11 begins as provided in section 447.12. When the notice is
12 given by a county as a holder of a certificate of purchase the
13 notice shall be signed by the county treasurer or the county
14 attorney, and when given by a city, it shall be signed by the
15 city officer designated by resolution of the council. When
16 the notice is given by the Iowa finance authority or a city or
17 county agency holding the parcel as part of an Iowa
18 homesteading project, it shall be signed on behalf of the
19 agency or authority by one of its officers, as authorized in
20 rules of the agency or authority.

21 Sec. 7. Section 657A.2, subsection 6, Code 2003, is
22 amended by striking the subsection.

23 Sec. 8. NEW SECTION. 657A.10A PETITION BY CITY FOR TITLE
24 TO ABANDONED PROPERTY.

25 1. In lieu of the procedures in sections 657A.2 through
26 657A.10, a city in which an abandoned building is located may
27 petition the court to enter judgment awarding title to the
28 abandoned property to the city. If more than one abandoned
29 building is located on a parcel of real estate, the city may
30 combine the actions into one petition. The owner of the
31 building and grounds, mortgagees of record, lienholders of
32 record, or other known persons who hold an interest in the
33 property shall be named as respondents on the petition.

34 The petition shall be filed in the district court of the
35 county in which the property is located. Service on the owner

1 and any other named respondents shall be by certified mail and
2 by posting the notice in a conspicuous place on the building.
3 The action shall be in equity.

4 2. Not sooner than sixty days after the filing of the
5 petition, the city may request a hearing on the petition.

6 3. In determining whether a property has been abandoned,
7 the court shall consider the following for each building that
8 is located on the property and named in the petition and the
9 building grounds:

10 a. Whether any property taxes or special assessments on
11 the property were delinquent at the time the petition was
12 filed.

13 b. Whether any utilities are currently being provided to
14 the property.

15 c. Whether the building is unoccupied by the owner or
16 lessees or licensees of the owner.

17 d. Whether the building meets the city's housing code for
18 being fit for human habitation, occupancy, or use.

19 e. Whether the building is exposed to the elements such
20 that deterioration of the building is occurring.

21 f. Whether the building is boarded up.

22 g. Past efforts to rehabilitate the building and grounds.

23 h. The presence of vermin, accumulation of debris, and
24 uncut vegetation.

25 i. The effort expended by the petitioning city to maintain
26 the building and grounds.

27 j. Past and current compliance with orders of the local
28 housing official.

29 k. Any other evidence the court deems relevant.

30 4. In lieu of the considerations in subsection 3, if the
31 city can establish to the court's satisfaction that all
32 parties with an interest in the property have received proper
33 notice and either consented to the entry of an order awarding
34 title to the property to the city or did not make a good faith
35 effort to comply with the order of the local housing official

1 within sixty days after the filing of the petition, the court
2 shall enter judgment against the respondents granting the city
3 title to the property.

4 5. If the court determines that the property has been
5 abandoned or that subsection 4 applies, the court shall enter
6 judgment awarding title to the city. The title awarded to the
7 city shall be free and clear of any claims, liens, or
8 encumbrances held by the respondents.

9 Sec. 9. IMMEDIATE EFFECTIVE DATE. This Act, being deemed
10 of immediate importance, takes effect upon enactment.

11 Sec. 10. APPLICABILITY DATE.

12 1. The sections of this Act amending section 404.3 apply
13 to urban revitalization property tax exemptions allowed on or
14 after the effective date of this Act.

15 2. The sections of this Act amending sections 446.19A and
16 447.9 apply to delinquent property taxes sold at a tax sale
17 held on or after the effective date of this Act.

18 EXPLANATION

19 This bill relates to a local government's authority to
20 encourage development and rehabilitation of certain real
21 property.

22 The bill extends the 10-year partial exemption to a 15-year
23 partial exemption for property receiving an urban
24 revitalization property tax exemption. The bill also extends
25 from three years to five years the full exemption for such
26 property. This portion of the bill applies to urban
27 revitalization property tax exemptions allowed on or after the
28 effective date of the bill.

29 The bill amends the Code section which allows a city to
30 purchase delinquent property taxes on residential property for
31 use as low or moderate income housing to allow the property to
32 be used for any type of housing. This portion of the bill
33 applies to delinquent property tax sales held on or after the
34 effective date of the bill.

35 The bill shortens the redemption period from nine months to

1 three months for redemption of delinquent property taxes sold
2 to a city for use as housing. By operation of law, the
3 shortened redemption period applies to delinquent property
4 taxes sold on or after the effective date of the bill.

5 The bill amends Code chapter 657A, relating to abatement by
6 rehabilitation of abandoned or unsafe buildings, to provide an
7 alternative to the current process whereby a city or county
8 may petition the court for appointment of a receiver to
9 rehabilitate abandoned buildings which are used or intended to
10 be used primarily for residential purposes. The bill allows a
11 city, in lieu of the current process, to petition the court to
12 award title to the property to the city if the court
13 determines that the property is abandoned or if the owner or
14 persons with an interest in the property agree to an award of
15 title to the city, or if the city can show that the owner or
16 persons with an interest in the property did not make a good
17 faith effort to comply with local housing official orders
18 within 60 days after the filing of the petition for title.

19 The bill also strikes a provision which requires that a
20 city with a population of less than 100,000 which files a
21 petition for abatement must include the allegation that a
22 building is abandoned and is in a dangerous or unsafe
23 condition.

24 The bill takes effect upon enactment.

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