

CHAPTER 214
HOUSING DEVELOPMENT
H.F. 732

AN ACT relating to housing development and making an appropriation.

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

Section 1. Section 15.108, Code 1997, is amended by adding the following new subsection:

NEW SUBSECTION. 11. HOUSING DEVELOPMENT. a. To provide assistance to local governments, housing organizations, economic development groups, and other local entities to increase the development of housing in the state and to improve the quality of existing housing in order to maximize the effects of other economic development efforts.

b. To carry out this responsibility, the department shall:

(1) Provide housing needs assessments.

(2) Provide a one-stop source, in coordination with other agencies of the state, for housing development assistance.

(3) Establish programs which assist communities or local entities in developing housing to meet a range of community needs, including programs to assist homeless shelter operations and programs to assist in the development of housing to enhance economic development opportunities in the community.

Sec. 2. **NEW SECTION. 15.351 SHORT TITLE.**

This part shall be known and may be cited as the "Local Housing Assistance Program".

Sec. 3. **NEW SECTION. 15.352 PURPOSE.**

The purpose of this part is to assist communities on a cooperative basis to address the housing development needs in the communities in order to better position the communities for economic development or to meet housing needs arising as a result of other economic development efforts in the area. Assistance may be either technical or financial and shall be provided pursuant to rules established by the department in accordance with the provisions of this part and be coordinated with existing housing assessment and assistance programs when feasible.

Sec. 4. **NEW SECTION. 15.353 PROGRAM.**

The department shall establish the local housing assistance program in coordination with the Iowa finance authority to effectuate the purposes of this part, subject to the following provisions:

1. The department shall provide financial assistance on a competitive basis for housing projects. Requests for assistance for housing projects may be made by a city, county, housing trust fund, local housing organization, recognized neighborhood organization, economic development organization, or other entity or by a local housing group on behalf of a local entity. To be eligible to receive assistance, a housing needs assessment must have been completed for the community in which the project will be undertaken within the five years prior to the date of the application.

2. The department shall also provide technical assistance to local housing groups or entities. Technical assistance provided under the program shall be coordinated with existing departmental programs or resources and existing programs or resources of the Iowa finance authority, to the extent feasible.

3. A local housing group which applies to the department on behalf of a local entity shall not directly administer a project receiving financial assistance under the program. The project shall be administered by the entity for which the local housing group made the application.

4. In reviewing applications for financial assistance, the department shall consider a variety of factors including, but not limited to, the following:

a. Whether the project is consistent with the recommendations of the housing needs assessment.

b. Whether the need for the project arose as a result of economic development efforts or opportunities not reflected in the housing needs assessment. When considering projects not consistent with the housing needs assessment, the department shall consider whether failure to fund the project will cause the economic development activity necessitating the project to fail.

c. Whether the local housing group or entity has adopted a comprehensive housing plan for the community in which the project will be undertaken.

d. The extent to which financial assistance under the program will leverage local or private matching funds or financial assistance or other state or federal financial assistance.

5. As used in this part:

a. "Community" means a city or county, or an entity established pursuant to chapter 28E.

b. "Local housing group" means an entity organized to represent community housing development interest.

Sec. 5. NEW SECTION. 15.354 LOCAL HOUSING ASSISTANCE PROGRAM FUND.

1. The local housing assistance program fund is created consisting of one million dollars appropriated from the rebuild Iowa infrastructure fund each fiscal year starting with the fiscal year beginning July 1, 1997, and ending June 30, 1998, and ending with the fiscal year beginning July 1, 2001, and ending June 30, 2002, notwithstanding section 8.57, subsection 5, paragraph "c", and any other moneys appropriated to or received by the department for deposit in the fund.

2. Payments of interest, recaptures of awards, or other repayments to the fund shall be deposited in the fund. Moneys in the local housing assistance program fund are not subject to section 8.33.

3. The fund is subject to an annual audit by the auditor of state. Moneys in the fund, which may be subject to warrants written by the director of revenue and finance, shall be drawn upon the written requisition of the director of the department of economic development or an authorized representative of the director.

Sec. 6. Section 16.91, subsection 1, Code 1997, is amended to read as follows:

1. The authority through the title guaranty division shall initiate and operate a program in which the division shall offer guaranties of real property titles in this state. The terms, conditions and form of the guaranty contract shall be forms approved by the division board. The division shall fix a charge for the guaranty in an amount sufficient to permit the program to operate on a self-sustaining basis, including payment of administrative costs and the maintenance of an adequate reserve against claims under the title guaranty program. A title guaranty fund is created in the office of the treasurer of state. Funds collected under this program shall be placed in the title guaranty fund and are available to pay all claims, necessary reserves and all administrative costs of the title guaranty program. Moneys in the fund shall not revert to the general fund and interest on the moneys in the fund shall be ~~retained as a part of the fund~~ transferred to the department of economic development for deposit in the local housing assistance program fund established in section 15.354 and shall not accrue to the general fund. If the authority board in consultation with the division board determines that there are surplus funds in the title guaranty fund after providing for adequate reserves and operating expenses of the division, the surplus funds shall be transferred to the housing program fund created pursuant to section 16.40.

**Sec. 7. Section 103A.10, subsection 4, paragraph a, Code 1997, is amended to read as follows:*

a. Provisions of the state building code establishing thermal efficiency energy conservation standards shall be applicable to all new construction owned by the state, an agency of the

state or a political subdivision of the state, to all new construction located in a governmental subdivision which has adopted either the state building code, ~~or a local building code or compilation of requirements for building construction~~ and to all other new construction in the state which will contain more than one hundred thousand cubic feet of enclosed space that is heated or cooled.*

*Sec. 8. Section 103A.10, Code 1997, is amended by adding the following new subsection:
NEW SUBSECTION. 5. Provisions of the state building code establishing thermal efficiency energy conservation standards shall not apply to new construction which is not owned by a governmental subdivision, and which contains less than one hundred thousand cubic feet of enclosed space that is heated or cooled, and which is located in a governmental subdivision that has adopted its own thermal efficiency energy conservation standards.*

Sec. 9. Section 403.22, subsection 1, Code 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For a municipality with a population of five thousand or less, the municipality need not provide any low and moderate income family housing assistance if the municipality has completed a housing needs assessment meeting the standards set out by the department of economic development, which shows no low and moderate income housing need and the department of economic development agrees that no low and moderate family housing assistance is needed.

Sec. 10. Section 404.1, Code 1997, is amended by adding the following new subsection:
NEW SUBSECTION. 5. An area designated as appropriate for public improvements related to housing and residential development, or construction of housing and residential development, including single or multifamily housing.

Sec. 11. **NEW SECTION. 404.3A RESIDENTIAL DEVELOPMENT AREA EXEMPTION.**

Notwithstanding the schedules provided for in section 404.3, all qualified real estate assessed as residential property in an area designated under section 404.1, subsection 5, is eligible to receive an exemption from taxation on the first seventy-five thousand dollars of actual value added by the improvements. The exemption is for a period of five years.

Sec. 12. Section 543B.46, subsection 1, Code 1997, is amended to read as follows:

1. Each real estate broker shall maintain a common trust account in a bank, a savings and loan association, savings bank, or credit union for the deposit of all down payments, earnest money deposits, or other trust funds received by the broker or the broker's salespersons on behalf of the broker's principal, except that a broker acting as a salesperson shall deposit these funds in the common trust account of the broker for whom the broker acts as salesperson. The account shall be an interest-bearing account. The interest on the account shall be transferred quarterly to the treasurer of state and ~~deposited in the title guaranty fund and used for public purposes and the benefit of the public pursuant to section 16.01 unless there is a written agreement between the buyer and seller to the contrary. The broker shall not benefit from interest received on funds of others in the broker's possession transferred to the department of economic development for deposit in the local housing assistance program fund established in section 15.354 unless there is a written agreement between the buyer and seller to the contrary. The broker shall not benefit from interest received on funds of others in the broker's possession.~~

Approved May 29, 1997, except the items which I hereby disapprove and which are designated as Sections 7 and 8 in their entirety. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Secretary of State this same date, a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

* Item veto; see message at end of the Act

Dear Mr. Secretary:

I hereby transmit House File 732, an Act relating to housing development and making an appropriation.

House File 732 is an important bill that will provide additional assistance to provide affordable housing in communities with critical needs. The bill is estimated to provide in excess of \$21 million for housing improvement projects over the next five years. The bill will also expand the housing that qualifies for urban revitalization tax exemptions.

House File 732 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the items designated as sections 7 and 8, in their entirety. These items would reduce the applicability of the state thermal efficiency energy conservation standards to construction of residential housing. Energy efficiency makes economic sense during the new construction of a home, and compliance with such standards is now required for the housing programs under the Federal Housing Administration, the Department of Agriculture, and the Department of Veteran's Affairs. The current standards provide important safeguards to home buyers and contribute to the state's effort to conserve energy.

For the above reason, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 732 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, Governor

CHAPTER 215

APPROPRIATIONS — INFRASTRUCTURE AND CAPITAL PROJECTS

H.F. 733

AN ACT making appropriations from the rebuild Iowa infrastructure fund to the departments of cultural affairs, general services, economic development, public defense, natural resources, revenue and finance, public safety, education, transportation, workforce development, and agriculture and land stewardship, and to the commission of veterans affairs, Loess Hills development and conservation authority, state fair foundation, and state board of regents, making an appropriation of marine fuel tax receipts from the general fund of the state, and making statutory changes relating to the appropriations.

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

**DIVISION I
DEPARTMENT OF CULTURAL AFFAIRS**

Section 1. There is appropriated from the rebuild Iowa infrastructure fund to the department of cultural affairs for the fiscal year beginning July 1, 1997, and ending June 30, 1998, the following amounts, or so much thereof as is necessary, to be used for the purposes designated:

- 1. For the completion of undeveloped exhibit space at the new historical building:
..... \$ 500,000