

REAL ESTATE IMPROVEMENT DISTRICTS

358C.1 Legislative findings purpose definitions.

1. The general assembly finds and declares as follows:

- a.* The economic health and development of Iowa communities is tied to opportunities for jobs in and near those communities and the availability of jobs is in part tied to the availability of affordable, decent housing in those communities.
- b.* A need exists for a program to assist developers and communities in increasing the availability of housing in Iowa communities.
- c.* A shortage of opportunities and means for developing local housing exists. It is in the best interest of the state and its citizens for infrastructure development which will lower the costs of developing housing.
- d.* The expansion of local housing is dependent upon the cost of providing the basic infrastructure necessary for a housing development. Providing this infrastructure is a public purpose for which the state may encourage the formation of real estate improvement districts for the purpose of providing water, sewer, roads, and other infrastructure.

2. As used in this chapter, unless the context otherwise requires:

- a.* "*Board*" means the board of trustees of a real estate improvement district.
- b.* "*Book*", "*list*", "*record*", or "*schedule*" kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in section 445.1.
- c.* "*Construction*" includes materials, labor, acts, operations, and services necessary to complete a public improvement.
- d.* "*Cost*" of a public improvement includes the cost of engineering, preliminary reports, property valuations, estimates, plans, specifications, notices, legal services, acquisition of land, consequential damages, easements, rights-of-way, construction, repair, supervision, inspection, testing, notices and publication, interest during construction and for not more than twelve months thereafter, and printing and sale of bonds.
- e.* "*District*" means a real estate improvement district as created in this chapter.
- f.* "*Public improvement*" includes the principal structures, works, component parts, and accessories of the facilities or systems specified in section 358C.4.
- g.* "*Repair*" includes materials, labor, acts, operations, and services necessary for the reconstruction, reconstruction by widening, or resurfacing of a public improvement.

95 Acts, ch 200, §1; 96 Acts, ch 1204, § 1; 2000 Acts, ch 1087, §1; 2000 Acts, ch 1148, §1; 2002 Acts, ch 1119, §200, 201

358C.2 Pilot program established. Repealed by 96 Acts, ch 1204, § 12.

358C.3 Real estate improvement district created.

1. A majority of the owners having an interest in the real property within the limits of a proposed district may file a petition in the office of county auditor of the county in which the proposed district or major part of the

proposed district is located, requesting that the question be submitted to the registered voters of the proposed district of whether the territory within the boundaries of the proposed district shall be organized as a real estate improvement district as provided in this chapter.

2. All of the owners having an interest in the real property within the limits of a proposed district may file a petition in the office of county auditor of the county in which the proposed district or a major part of the proposed district is located, requesting that the proposed district be organized as a real estate improvement district as provided in this chapter.

3. Only areas of contiguous territory may be incorporated within a district. The petition shall be addressed to the board of supervisors if all or part of the proposed district includes territory located outside the boundaries of a city, shall be submitted to the board of supervisors before it is filed with the county auditor, and shall set forth the following information:

a. The name of the district.

b. The district shall have perpetual existence.

c. The boundaries of the district.

d. The names and addresses of the owners of land in the proposed district.

e. The description of the tracts of land situated in the proposed district owned by those persons who may organize the district.

f. The names and descriptions of the real estate owned by the persons who do not join in the organization of the district, but who will be benefited by the district.

g. A listing of one or more of the district improvements specified in section 358C.4 which will be carried out by the district.

h. The owners of real estate in the proposed district that are unknown may also be set out in the petition as being unknown.

i. That the establishment of the proposed district will be conducive to the public health, comfort, convenience, and welfare.

4. The petition shall also state that the owners of real estate who are forming the proposed district are willing to pay the taxes which may be levied against all of the property in the proposed district and special assessments against the real property benefited which may be assessed against them to pay the costs necessary to carry out the purposes of the district.

5. The petition shall also state that the owners of real estate who are forming the proposed district waive any objections to a subsequent annexation by a city.

6. The petition shall propose the names of three or more trustees who shall be owners of real estate in the proposed district or the designees of owners of property in the proposed district, to serve as a board of trustees until their successors are elected and qualified if the district is organized. The board of trustees shall only carry out those purposes which are authorized in this chapter and listed in the petition. Each person proposed as a trustee shall disclose whether the person has any financial interest in any business which is or may be a developer or contractor for public improvements within the proposed real estate improvement district and the extent of the person's land ownership in the district, if any.

7. If the petition requests that the district be organized without an election, the petition shall contain the signatures of all known owners of property within the proposed district.

8. The petition shall be submitted to and approved by the city council before it is filed with the county auditor as provided in subsection 1. If a petition includes a proposed district located solely within the boundaries of a city, the petition is not subject to action by the board of supervisors except for the purpose of selecting the initial trustees and setting the election date to finally organize the district or the date to organize the district if no election is required.

9. A proposed district shall be created only from parcels of land within the boundaries of a city, on parcels of land, all or the major part of which is within two miles of the boundaries of a city, or on parcels of land from both locations.

95 Acts, ch 200, §3; 96 Acts, ch 1204, § 2

358C.4 Public improvements authorized.

1. A district may acquire, construct, reconstruct, install, maintain, and repair any of the public improvements listed in subsection 2.

2. A public improvement includes the principal structures, works, component parts, and accessories of any of the following:

a. Underground gas, water, heating, sewer, telecommunications, and electrical connections located in streets for private property.

b. Sanitary, storm, and combined sewers.

c. Waterworks, water mains, and extensions.

d. Emergency warning systems.

e. Pedestrian underpasses or overpasses.

f. Drainage conduits, dikes, and levees for flood protection.

g. Public waterways, docks, and wharfs.

h. Public parks, playgrounds, and recreational facilities.

i. Clearing, stripping, grubbing, earthwork, erosion control, lot grading, street grading, paving, graveling, macadamizing, curbing, guttering, and surfacing with oil and gravel or chloride.

j. Street lighting fixtures, connections, and facilities.

k. Sewage pumping stations.

l. Traffic control devices, fixtures, connections, and facilities.

m. Public roads, streets, and alleys.

95 Acts, ch 200, §4; 96 Acts, ch 1204, § 3

358C.5 Date and notice of hearing.

1. The board of supervisors to which the petition is addressed, at its next meeting, shall set the time and place for a hearing on the petition. The board shall direct the county auditor in whose office the petition is filed to cause notice to be given to all persons whom it may concern, without naming them, of the pendency and content of the petition, by publication of a notice as provided in section 331.305. Proof of giving the notice shall be made by affidavit of the publisher and the proof shall be on file with the county auditor at the time the hearing begins. The notice of hearing shall be directed to all persons it may concern, and shall state:

a. That a petition has been filed with the county auditor of the county, naming it, for establishment of a proposed district, and the name of the proposed district.

b. An intelligible description of the boundaries of the territory to be embraced in the district.

c. The date, hour, and the place where the petition will be brought for hearing before the board of supervisors of the named county.

d. That the board of supervisors will fix and determine the boundaries of the proposed district as described in the petition or otherwise, and for that purpose may alter and amend the petition. At the hearing all interested persons shall have an opportunity to be heard on the location and boundaries of the proposed district and to make suggestions regarding the location and boundaries.

e. That, in the case of a petition under section 358C.3, subsection 2, a property owner who was not known and who did not sign the petition and who does not object to the proposed district in writing prior to the hearing or in person at the hearing shall waive all objections to the organization of the proposed district.

2. For a district which does not include land within a city, copy of the notice shall also be sent by mail to each owner, without naming them, of each tract of land or lot within the proposed district as shown by the transfer books of the auditor's office. The mailings shall be to the last known mailing address unless there is on file an affidavit of the auditor or of a person designated by the board to make the necessary investigation, stating that a mailing address is not known and that diligent inquiry has been made to ascertain it. The copy of notice shall be mailed no less than twenty days before the day set for hearing and proof of service shall be by affidavit of the auditor. The proofs of service required by this subsection shall be on file at the time the hearing begins.

3. In lieu of the mailing to the last known address a person owning land affected by a proposed district may file with the county auditor an instrument in writing designating the address for the mailing. This designation when filed is effective for five years and applies to all proceedings under this chapter. The person making the designation may change the address in the same manner as the original designation is made.

4. In lieu of publication, personal service of the notice may be made upon an owner of land in the proposed district in the manner and for the time required for service of original notices in the district court. Proof of the service shall be on file with the auditor on the date of the hearing.

95 Acts, ch 200, §5

358C.6 Hearing of petition and order.

The board of supervisors to whom the petition is addressed shall preside at the hearing provided for in section 358C.5 and shall continue the hearing in session, with adjournments from day to day, if necessary, until completed, without being required to give any further notice of the hearing. Proof of the residences and qualifications of the petitioners as registered voters shall be made by affidavit or otherwise as the board may direct. The board may consider the boundaries of a proposed district, whether the boundaries are described in

the petition or otherwise, and for that purpose may alter and amend the petition and limit or change the boundaries of the proposed district as stated in the petition. The board shall adjust the boundaries of a proposed district as needed to exclude land that has no reasonable likelihood of benefit from inclusion in the proposed district. The boundaries of a proposed district shall not be changed to incorporate property not included in the original petition and published notice until the owner of the property is given notice of inclusion as on the original hearing. All persons in the proposed district shall have an opportunity to be heard regarding the location and boundaries of the proposed district and to make suggestions regarding the location and boundaries, and the board of supervisors, after hearing the statements, evidence, and suggestions made and offered at the hearing, shall approve or reject the petition. If the petition is approved, the board shall enter an order fixing and determining the limits and boundaries of the proposed district and whether or not all present and future property owners within the district have waived any objections to the annexation by a city if the district has issued obligations or bonds for public improvement and the city assumes those obligations, and, if the petition was requested under section 358C.3, subsection 1, directing that an election be held for the purpose of submitting to the registered voters owning land within the boundaries of the proposed district the question of organization and establishment of the proposed district as determined by the board of supervisors. The order shall fix a date for the election not more than sixty days after the date of the order. If the petition was requested under section 358C.3, subsection 2, the order shall fix a date for the organization of the district.

95 Acts, ch 200, §6

358C.7 Notice of election.

In its order for the election the board of supervisors shall direct the county commissioner of elections of the county in which the petition is filed to cause notice of the election to be given at least thirty days before the date of election by publication of the notice as provided in section 331.305. The notice shall state the time and place of holding the election and the hours when the polls will open and close, the purpose of the election, with the name of the proposed district and a description of the boundaries of the proposed district, and shall set forth briefly the limits of each voting precinct and the location of the polling places. Proof of publication shall be made in the manner provided in section 358C.5 and filed with the county auditor.

95 Acts, ch 200, §7

358C.8 Election.

1. Each registered voter resident within the proposed district shall have the right to cast a ballot at the election and a person shall not vote in any precinct but that of the person's residence. Ballots at the election shall be in substantially the following form, to wit:

For Real Estate Improvement District \$YVB

Against Real Estate Improvement District \$YVB

2. The board of supervisors shall cause a statement of the result of the election to be included in the records of the county auditor. If a majority of the votes cast upon the question of incorporation of the proposed district shall be in favor of the proposed district, the proposed district shall be deemed an organized real estate improvement district under this chapter and established as conducive to the public health, comfort, convenience, and welfare.

3. In the event the petition and order provide that any present or future owner of property within the district waives objection to annexation if the district has issued obligations or bonds for a public improvement and

the annexing city assumes those obligations, the board of supervisors shall file a certified declaration of that provision and a legal description of all real estate in the district with the county recorder in each county in which the district is located.

95 Acts, ch 200, §8

358C.9 Expenses and costs of election.

The election held pursuant to this chapter shall be conducted by the county commissioner of elections. All expenses incurred in carrying out the preceding sections of this chapter, and the costs of the election, as determined by the county commissioner of elections, shall be paid by those who will be benefited by the proposed district. If the district is not established, the expenses and costs shall be collected upon the bonds of the petitioners.

95 Acts, ch 200, §9

358C.10 Selection of trustees term of office.

1. The board of supervisors or city council which had jurisdiction of the proceedings for establishment of the district, together with the board of supervisors of any other county in which any part of the district is located, shall appoint three trustees from among those persons listed in the petition. The trustees shall serve an initial two-year term.
2. Vacancies in the office of trustee of a district shall be filled by the remaining members of the board for the period until a successor is chosen in the manner prescribed by this section or by section 69.12, whichever is applicable.
3. Successors to trustees shall be elected at a special meeting of the board of trustees called for that purpose. Upon its own motion, the board of trustees may, or upon petition of landowners owning more than fifty percent of the total land in the district, shall, call a special meeting of the residents of the district to elect successors to trustees of the board. Notice of the meeting shall be given at least ten days before the date of the meeting by publication of the notice in a newspaper of general circulation in the district. The notice shall state the date, times, and location of the meeting and that the meeting is called for the purpose of electing one or more trustees to the board.
4. A candidate to fill a vacancy or as a successor trustee shall disclose prior to selection as a trustee whether the person has any financial interest in any business which is or may be a developer or contractor for public improvements within the real estate improvement district and the extent of the person's land ownership in the district, if any.

95 Acts, ch 200, §10; 96 Acts, ch 1204, § 4

358C.11 Trustee's bond.

Each trustee, before entering upon the duties of office, shall execute a bond payable to the district, with security to be approved by the board of supervisors which had jurisdiction of the petition for establishment of the district, in such form and amount as the board of supervisors may determine, which bond shall be filed with the county auditor of the county.

95 Acts, ch 200, §11

358C.12 Real estate improvement district to be a body corporate eminent domain.

1. Each district organized under this chapter shall be a body corporate and politic, with the name and style under which it was organized, and by that name and style may sue and be sued, contract and be contracted with, acquire and hold real and personal property necessary for corporate purposes, adopt a corporate seal and alter the same at pleasure, and exercise all the powers conferred in this chapter.
2. All courts of this state shall take judicial notice of the existence of real estate improvement districts organized under this chapter.
3. A district shall not own or hold land in excess of ten acres unless the land is actually used for a public purpose within three years of its acquisition. A district which owns or holds land in excess of ten acres for more than three years without devoting it to a public purpose as provided in this chapter shall divest itself of the land by public auction to the highest bidder.
4. A district may acquire by purchase, condemnation, or gift, real or personal property, right-of-way, and easement within or without its corporate limits necessary for its corporate purposes specified in section 358C.4.
5. If the board of trustees of the district decide to make a public improvement pursuant to this chapter which requires that private property be taken or damaged, the board may exercise the power of eminent domain. The procedure to condemn property shall be exercised in the manner provided in chapter 6B.
6. A district shall comply with all city building and use codes for owner-occupied residential housing and shall comply with all city design and construction standards for the public improvements authorized in section 358C.4.
7. A district shall not incorporate as a city if all or the major part of the district is within two miles of the boundaries of a city at the time the district is approved.
8. The provisions of chapters 21 and 22 applicable to cities, counties, and school districts apply to the district. The records of the district are subject to audit pursuant to section 11.6.

95 Acts, ch 200, §12

358C.13 Board of trustees powers prohibited actions.

1. The board of trustees is the corporate authority of the district and shall manage and control the affairs and property of the district. A majority of the board of trustees shall constitute a quorum, but a smaller number may adjourn from day to day. The board of trustees shall elect a president, a clerk, and a treasurer from its membership.
2. The board of trustees shall maintain the official records of the district, which shall include information regarding the service of any indebtedness of the district, including special assessment bonds. The board shall report annually on the progress of the district in retiring indebtedness.
3. The board of trustees may adopt the necessary ordinances, resolutions, and regulations for the proper management and conduct of the business of the board of trustees and the corporation and for carrying out the purposes for which the district is formed, including for the negotiation of short-term loans and the issuance of warrants.
4. The board of trustees shall provide public notice prior to each meeting of the board. The notice shall contain the agenda of the meeting which shall describe the proposed actions to be taken by the board at the meeting.

5. If the board of trustees wishes to expand its authority to carry out public improvements in addition to the public improvements listed in the board's original petition as provided in section 358C.4, the board shall submit a petition to the board of supervisors specifying the additional public improvements to be included within the authority of the district and requesting that the board of supervisors order an election as provided in section 358C.7 to approve or disapprove the amendment. If the petition includes public improvements as specified in section 358C.4, the board of supervisors shall order the election to be conducted as otherwise provided in this chapter. If the amendment is approved, the original petition is amended to include the additional public improvements.

6. The board of trustees of a district shall not purchase and resell electric service or establish and operate a gasworks or electric light and power plant and system.

7. The board of trustees shall not require or grant a franchise to any person pursuant to section 364.2, subsection 4.

8. The board of trustees shall not prohibit or restrict the construction of manufactured homes in a real estate improvement district. As used in this subsection, "*manufactured home*" has the same meaning as under section 435.1, subsection 3.

9. The board of trustees shall not enter into a contract for public improvements or other services with a board member or with any person owning more than twenty-five percent of the land of a real estate improvement district except as a result of competitive bidding.

95 Acts, ch 200, §13; 96 Acts, ch 1034, § 32; 96 Acts, ch 1204, § 5

358C.14 Taxes power to levy tax sales.

1. The board of trustees of a real estate improvement district shall have the power by ordinance to levy annually for the purpose of paying the administrative costs of the district, or for the payment of deficiencies in special assessments, or for both, a tax upon property within the territorial limits of the district not exceeding fifty-four cents per thousand dollars of the adjusted taxable valuation of the property within the district for the preceding fiscal year.

2. All taxes thus levied by the board shall be certified by the clerk on or before March 1 to the county auditor of each county in which any of the property included within the territorial limits of the district is located, and shall be placed upon the tax list for the current fiscal year by the auditor. The county treasurer of more than one county shall collect all taxes so levied in the same manner as other taxes, and when delinquent the taxes shall draw the same interest. All taxes levied and collected shall be paid over by the officer collecting the taxes to the treasurer of the district.

3. Sales for delinquent taxes owing to the district shall be made at the same time and in the same manner as the sales are made for other taxes, and all provisions of the law of this state relating to the sale of property for delinquent taxes shall be applicable, so far as may be, to the sales.

95 Acts, ch 200, §14

358C.15 Rentals and charges.

1. A board of trustees may by ordinance establish equitable rates, charges, or rentals for the utilities and services furnished by the district to be paid to the district by every person, firm, or corporation whose premises are served by a connection to the utilities and services directly or indirectly. The rates, charges, or rentals, as near as may be in the judgment of the board of trustees, shall be equitable and in proportion to the services rendered and the cost of the services, and taking into consideration in the case of the premises the

quantity of sewage or water produced or used and the concentration, strength, and pollution qualities of the sewage. The board of trustees may change the rates, charges, or rentals as it may deem advisable, and by ordinance may provide for collection. The board may contract with any municipality within the district, whereby the municipality may collect or assist in collecting any of the rates, charges, or rentals, whether in conjunction with water rentals or otherwise, and the municipality may undertake the collection and render the service. The rates, charges, or rentals, if not paid when due, shall constitute a lien upon the real property served by a connection. The lien shall have equal precedence with ordinary taxes, may be certified to the county treasurer and collected in the same manner as taxes, and is not divested by a judicial sale.

2. Sewer rentals, charges, or rates may supplant or replace, in whole or in part, any monetary levy of taxes which may be, or have been, authorized by the board of trustees for any of the following purposes:

a. To meet interest and principal payments on bonds legally authorized for the financing of sanitary utilities in any manner.

b. To pay costs of the construction, maintenance, or repair of the facilities or utilities, including payments to be made under any contract between municipalities for either the joint use of water or sewage facilities, or for the use by one municipality of all or a part of the water or sewer system of another municipality.

95 Acts, ch 200, §15

358C.16 Debt limit borrowing bonds purposes.

1. A district may borrow money for its corporate purposes, but shall not become indebted in any manner or for any purpose to an amount in the aggregate exceeding its constitutional debt limit of five percent on the value of the taxable property within the district, to be ascertained by the last state and county tax lists previous to the incurring of the indebtedness. Indebtedness within this constitutional limit shall not include the indebtedness of any other municipal corporation located wholly or partly within the boundaries of the district, special assessment bonds or obligations authorized under section 358C.17.

2. Subject only to this debt limitation, a district shall have the same powers to issue bonds, including both general obligation and revenue bonds, including the power to enter into short-term loans and issue warrants, which cities have under the laws of this state. In the application of the laws to this chapter, the words used in the laws referring to municipal corporations or to cities shall be held to include real estate improvement districts organized under this chapter; the words "council" or "city council" shall be held to include the board of trustees of a district; the words "mayor" and "clerk" shall be held to include the president and clerk of a board of trustees; and like construction shall be given to any other words in the laws where required to permit the exercise of the powers by real estate improvement districts.

3. All bonds issued shall be signed by the president of the board of trustees and attested by the clerk, with the seal of the district, if any, affixed, and interest coupons attached to the bonds shall be attested by the signature of the clerk.

4. The proceeds of any bond issue made under this section shall be used only for the cost of public improvements as specified in sections 358C.1 and 358C.4. Proceeds from the bond issue may also be used for the payment of special assessment deficiencies. The bonds shall be payable in not more than forty annual installments and with interest at a rate not exceeding that permitted by chapter 74A, and shall be made payable at the place and be of the form as the board of trustees shall by resolution designate. A district issuing bonds as authorized in this section is granted authority to pledge the future avails of a tax levy to the payment of the principal and interest of the bonds after the same come due, and the power to impose and certify the levy is granted to the trustees of real estate improvement districts organized under this chapter.

95 Acts, ch 200, §16; 96 Acts, ch 1204, § 6

358C.17 Special assessments.

1. The board of trustees of a real estate improvement district may provide for payment of all or any portion of the costs of a public improvement as specified in sections 358C.1 and 358C.4, by assessing all, or any portion of, the costs on adjacent property according to the benefits derived. For the purposes of this chapter, the board of trustees may define "*adjacent property*" as all that included within a designated benefited district to be fixed by the board, which may be all of the property located within the real estate improvement district or any lesser portion of that property. It is not a valid objection to a special assessment that the improvement for which the assessment is levied is outside the limits of the district, but a special assessment shall not be made upon property situated outside of the district. Special assessments pursuant to this section shall be in proportion to the special benefits conferred upon the property, and not in excess of the benefits. The value of a property is the present fair market value of the property with the proposed public improvements completed. Payment of installments of a special assessment against property shall be made in the same manner and under the same procedures as provided in chapter 384 for special assessments by cities. Notwithstanding the provisions of section 384.62, the combined assessments against any lot for public improvements included in the petition creating the real estate improvement district or as authorized in section 358C.4 shall not exceed the valuation of that lot as established by section 384.46.

2. The assessments may be made to extend over a period not to exceed fifteen years, payable in as nearly equal annual installments as practicable. A majority vote of the board of trustees is requisite and sufficient for any action required by the board of trustees under this section.

3. Subject to the limitations otherwise stated in this section, a district organized under this chapter has all of the powers to specially assess the costs of improvements described in this section, including the power to issue special assessment bonds, warrants, project notes, or other forms of interim financing obligations, which cities have under the laws of this state.

4. A special assessment under this section shall be recorded in the county in which the district is located for each lot in the district.

5. Notwithstanding section 384.65, subsection 5, a district shall have a lien on the benefited property only in the amount of special assessment installments that have come due but have not been paid. The district shall not have a lien for the total amount of the special assessment originally levied against the benefited property. A lien, including, but not limited to, a lien for a mortgage for the construction or the purchase of housing on property benefited by improvements and against which a special assessment is levied under this chapter, shall have precedence over a special assessment which has been levied by the district but is not due. A district's lien shall only be in the amount of installments whose due dates have passed without payment, along with all interest and penalties on the delinquent installments. The district's lien for delinquent installments, interest, and penalties shall have equal precedence with ordinary taxes and shall not be divested by judicial sale. Any remaining special assessment installments that have not become due shall not be divested by judicial sale and shall become a lien when the special assessment installments become due.

95 Acts, ch 200, §17; 96 Acts, ch 1034, § 33; 96 Acts, ch 1204, § 7, 8

358C.18 Additional territory.

1. The district may be enlarged and additional territory annexed to the district by either of the following methods:

a. By petitions signed by the owners of all the property to be annexed to the district. If a petition requesting annexation is presented to the trustees and approved by the trustees the change in the boundaries to include the additional area shall be certified by the clerk of the district to the county auditor in which the greater portion of the district is located and thereafter the district shall include the area thus annexed.

b. By a petition filed with the clerk of the district, signed by persons owning not less than fifty percent of the area to be annexed, but not signed by persons owning all the area requested to be annexed. On the filing of the petition, the trustees of the district shall fix a time and place for a hearing on the petition and give notice of the hearing, as provided in section 331.305, and by certified mail to the record owners of all persons owning land within the territory sought to be annexed, not less than ten days prior to the date of the hearing, if the address of the owners is known or can be ascertained by reasonable diligence by the trustees. At the hearing, any person owning property within the area proposed to be annexed or any person owning property or residing within the district may appear and be heard. If, after the hearing, the board of trustees determines that annexation of the additional area will be conducive to the public health, convenience, and welfare and will not be an undue burden on the district, the board of trustees may, by resolution, annex the additional area and fix the boundary which shall not include more than the area requested in the petition. A copy of the resolution shall be filed with the county auditor of the county in which the largest portion of the district is located and thereafter the area included by the resolution shall be a part of the district.

2. All property, from and after it is annexed to the district, shall be subject to all taxes and other burdens levied by the district, regardless of when the obligation for which the taxes or assessments are levied was incurred.

95 Acts, ch 200, §18

358C.19 Annexation by a city.

When a city or real estate improvement district proposes that the district be annexed by the city, either wholly or partially, an owner of property in the district shall not object to the annexation if a city annexes all the territory within the boundaries of a real estate improvement district, the district shall merge with the city and the city shall succeed to all the property and property rights of every kind, contracts, and obligations, held by or belonging to the district, and the city shall be liable for and recognize, assume, and carry out all valid contracts and obligations of the district. The city may assume and provide for the payment of the obligations of any bonds of the district by issuing general obligation, special assessment, or revenue refunding bonds which may be sold at public or private sale or exchanged for outstanding bonds. General obligation bonds of the city may be issued to refund special assessment and revenue obligations if the governing body of the city determines that it is in the best interest of the city. The refunding of these obligations shall constitute an essential corporate purpose under section 384.24. All taxes, assessments, claims, and demands of every kind due or owing to the district shall be paid to and collected by the city. Any special assessments which the district was authorized to levy, assess, relevel, or reassess, but which were not levied, assessed, relevelled, or reassessed, at the time of the merger, for improvements made by the district or in the process of construction or contracted for may be levied, assessed, relevelled, or reassessed by the annexing city to the same extent as the district may have levied or assessed but for the merger. However, this section does not authorize the annexing city to revoke any resolution, order, or finding made by the district in regard to special benefits or increase any assessments made by the district, but the city shall be bound by all findings or orders and assessments to the same extent as the district would be bound. Also, a district shall not levy any special assessments after the effective date of the annexation.

95 Acts, ch 200, §19

358C.20 Effective date of merger.

The merger shall be effective thirty days after the effective date of the ordinance annexing the territory within the district. However, if the validity of the ordinance annexing the territory is challenged by a court proceeding, the effective date of the merger shall be thirty days after the final determination of the validity of the ordinance. The trustees of a district shall continue in possession and conduct the affairs of the district until the effective date of the merger, but shall not during the period levy any special assessments after the effective date of annexation.

358C.21 Dissolution of district.

When a majority of the board of trustees of a district desire that the district be wholly dissolved, the trustees shall first propose a resolution declaring the advisability of the dissolution and setting out the terms and conditions of the dissolution, and also setting out the time and place when the board of trustees shall meet to consider the adoption of the resolution. Notice of the time and place when the resolution shall be set for consideration shall be published as provided in section 331.305, which publication shall contain the entire wording of the proposed resolution. If any part of the district lies within the area of the jurisdiction of a city, then the trustees shall mail a copy of the proposed resolution to the city on the date of first publication of the resolution. At the hearing the owners of property within the district, or a city if any part of the district lies within the city, may appear and make objections to the proposed resolution. If the owners representing a majority of the area of real estate within the district fail to sign and present to the board, on or prior to the hearing date, a written petition opposing the resolution, a majority of the board of trustees may pass the resolution and adopt the proposed dissolution. However, the resolution shall not be adopted if the district is obligated on any outstanding bonds, warrants, or other debts or obligations unless the holders of the bonds, warrants, or other debts or obligations all sign written consents to the dissolution prior to the adoption of the resolution of dissolution. If the petition opposing the resolution is signed by property owners representing a majority of the area of real estate within the district and presented to the board of trustees on or prior to the hearing date, the board of trustees shall not adopt the resolution. After the board of trustees has adopted the resolution of dissolution, the clerk of the district shall prepare and file a certified copy of the resolution of dissolution in the office of the county auditor where the original petition was filed. A district shall dissolve within ninety days following the merger of a district with a city.

358C.22 Detachment of land.

1. When a majority of the board of trustees of a district desires that any property within the district be detached from the district, the trustees shall first propose a resolution declaring the advisability of the detachment and setting out the terms and conditions of the detachment and also setting out the time and place when the board of trustees will meet to consider the adoption of the resolution. Notice of the time and place when the resolution is set for consideration shall be published as provided in section 331.305, which publication shall contain the entire wording of the proposed resolution. If any part of the district lies within a city, then the trustees shall mail a copy of the proposed resolution to the city on the date of first publication of the resolution. At the hearing the owners of property within the district, or any city, may appear and make objections to the proposed resolution. If the owners representing a majority of the area of real estate within the district fail to sign and present to the board of trustees, on or prior to the hearing date, a written petition opposing the resolution, a majority of the board of trustees may pass the resolution and adopt the proposed detachment, except that the resolution shall not be adopted if the district is indebted on any outstanding bonds or warrants of the district unless the holders of the bonds and warrants all sign written consents to the detachment prior to the adoption of the resolution of detachment. If the petition opposing the resolution is signed by property owners representing a majority of the area of real estate within the district and presented to the board of trustees on or prior to the hearing date, the board of trustees shall not adopt the resolution. After the board of trustees has adopted the resolution of detachment, the clerk of the district shall prepare and file a certified copy of the resolution of detachment in the office of the county auditor where the original petition was filed, and the area detached shall become excluded and detached from the boundaries of the district.

2. The owner of a discrete tract of land which is part of a district but which is not connected to the main area of the district may petition the board of trustees of the district to have the property detached from the district.

Following receipt of the petition, the board of trustees shall propose a resolution declaring the advisability of the detachment and setting out the terms and conditions of the detachment and setting out the time and place when the board of trustees will meet to consider the adoption of the resolution. Notice of the time and place for the consideration shall be published as provided in subsection 1. If any part of the district lies in whole or in part within a city, the board of trustees shall mail a copy of the proposed resolution to the municipality within five days after the date of first publication of the resolution. At the hearing for consideration of the resolution, the board of trustees shall determine if the tract of land proposed for detachment has all of the following characteristics:

- a.* Has an area of twenty-five acres or more.
- b.* Is undeveloped and predominantly devoted to agricultural uses.
- c.* Has no improvements or obligations placed upon it by the district and receives no current services from the district.

3. If the board of trustees by majority vote determines that the tract in question meets all of the conditions provided in subsection 2, paragraphs "a" through "c", the resolution shall be adopted, except that the resolution shall not be adopted if the district is indebted on any outstanding bonds or warrants of the district unless the holders of the bonds and warrants all sign written consents to the detachment. After the board of trustees has adopted the resolution of detachment, the clerk of the district shall prepare and file a certified copy of the resolution of detachment in the office of the county auditor where the original petition was filed and the area detached shall become excluded and detached from the boundaries of the district.

95 Acts, ch 200, §22

358C.23 Chapter liberally construed.

The provisions of this chapter shall be liberally construed to facilitate the development of land for housing.

95 Acts, ch 200, §23

358C.24 Disclosure of special assessment.

A person interested in transferring real property located in a district, or a broker or salesperson acting on behalf of the person, shall disclose, in accordance with chapter 558A, that the property is located in a real estate improvement district and the amount of any special assessment under this chapter against the property.

96 Acts, ch 1204, §9