

# CHAPTER 403

## URBAN RENEWAL

Referred to in §6A.22, §15J.4, §331.403, §331.441, §357H.4, §384.22, §384.24, §419.17

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### POLICY, PLAN, AND MUNICIPAL AUTHORITY

#### 403.1 Title.

[This chapter](#) shall be known and may be cited as the “*Urban Renewal Law*”.  
[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.1]

#### 403.2 Declaration of policy.

1. It is hereby found and declared that there exist in municipalities of the state slum and blighted areas, as herein defined, which constitute a serious and growing menace, injurious to the public health, safety, morals and welfare of the residents of the state; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous municipal burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests the sound growth of municipalities, retards the provision of housing accommodations, aggravates traffic problems and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slums and blighted areas is a matter of state policy and state concern in order that the state and its municipalities shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency and consume an excessive proportion of state revenues because of the extra services required for police, fire, accident, hospitalization and other forms of public protection, services and facilities.

2. It is further found and declared that certain slum or blighted areas, or portions thereof, may require acquisition, clearance, and disposition subject to use restrictions, as provided in [this chapter](#), since the prevailing condition of decay may make impracticable the reclamation of the area by conservation or rehabilitation; that other areas or portions thereof may, through the means provided in [this chapter](#), be susceptible of conservation or rehabilitation in such a manner that the conditions and evils hereinbefore enumerated may be eliminated, remedied or prevented; and that fringe areas can be conserved and rehabilitated through appropriate public action as herein authorized, and through the cooperation and voluntary action of the owners and tenants of property in such areas.

3. It is further found and declared that there exists in this state the continuing need for programs to alleviate and prevent conditions of unemployment and a shortage of housing;

and that it is accordingly necessary to assist and retain local industries and commercial enterprises to strengthen and revitalize the economy of this state and its municipalities; that accordingly it is necessary to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in locating, purchasing, constructing, reconstructing, modernizing, improving, maintaining, repairing, furnishing, equipping, and expanding in this state and its municipalities, for the provision of public improvements related to housing and residential development, and for the construction of housing for low and moderate income families; that accordingly it is necessary to authorize local governing bodies to designate areas of a municipality as economic development areas for commercial and industrial enterprises, public improvements related to housing and residential development, or construction of housing for low and moderate income families; and that it is also necessary to encourage the location and expansion of commercial enterprises to more conveniently provide needed services and facilities of the commercial enterprises to municipalities and the residents of the municipalities. Therefore, the powers granted in [this chapter](#) constitute the performance of essential public purposes for this state and its municipalities.

4. It is further found and declared that the powers conferred by [this chapter](#) are for public uses and purposes for which public money may be expended and for which the power of eminent domain, to the extent authorized, and police power exercised; and that the necessity in the public interest for the provisions herein enacted is hereby declared as a matter of legislative determination.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.2]

[85 Acts, ch 66, §1](#); [91 Acts, ch 186, §1](#); [96 Acts, ch 1204, §13](#); [2006 Acts, 1st Ex, ch 1001, §34, 49](#)

#### **403.3 Municipal program.**

The local governing body of a municipality may formulate for the municipality a workable program for utilizing appropriate private and public resources to eliminate slums and prevent the development or spread of slums and urban blight and to encourage needed urban rehabilitation. Such workable program may include, without limitation, provisions for:

1. The prevention of the spread of blight into areas of the municipality which are free from blight, through diligent enforcement of housing, zoning and occupancy controls and standards.

2. The rehabilitation or conservation of slum or blighted areas or portions thereof by replanning, by removing congestion, by providing parks, playgrounds and other public improvements, by encouraging voluntary rehabilitation and by compelling the repair and rehabilitation of deteriorated or deteriorating structures.

3. The clearance of slum and blighted areas or portions thereof.

4. The redevelopment of slum and blighted areas by approval of urban renewal plans.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.3]

Referred to in [§403.14](#)

#### **403.4 Resolution of necessity.**

No municipality shall exercise the authority herein conferred upon municipalities by [this chapter](#) until after its local governing body shall have adopted a resolution finding that:

1. One or more slum, blighted or economic development areas exist in the municipality.

2. The rehabilitation, conservation, redevelopment, development, or a combination thereof, of the area is necessary in the interest of the public health, safety, or welfare of the residents of the municipality.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.4]

[85 Acts, ch 66, §2](#)

Referred to in [§403.14](#), [§403.15](#)

#### **403.5 Urban renewal plan.**

1. A municipality shall not approve an urban renewal project for an urban renewal area unless the governing body has, by resolution, determined the area to be a slum area, blighted area, economic development area or a combination of those areas, and designated the area

as appropriate for an urban renewal project. The local governing body shall not approve an urban renewal plan until a general plan for the municipality has been prepared. For this purpose and other municipal purposes, authority is vested in every municipality to prepare, to adopt and to revise from time to time, a general plan for the physical development of the municipality as a whole, giving due regard to the environs and metropolitan surroundings. A municipality shall not acquire real property for an urban renewal project unless the local governing body has approved the urban renewal project in accordance with [subsection 4](#).

2. a. The municipality may itself prepare or cause to be prepared an urban renewal plan; or any person or agency, public or private, may submit such a plan to a municipality. Prior to its approval of an urban renewal plan, the local governing body shall submit such plan to the planning commission of the municipality, if any, for review and recommendations as to its conformity with the general plan for the development of the municipality as a whole. The planning commission shall submit its written recommendations with respect to the proposed urban renewal plan to the local governing body within thirty days after receipt of the plan for review. Upon receipt of the recommendations of the planning commission or, if no recommendations are received within the thirty days, then, without such recommendations, the local governing body may proceed with the hearing on the proposed urban renewal plan prescribed by [subsection 3](#).

b. (1) Prior to its approval of an urban renewal plan which provides for a division of revenue pursuant to [section 403.19](#), the municipality shall mail the proposed plan by regular mail to the affected taxing entities. The municipality shall include with the proposed plan notification of a consultation to be held between the municipality and affected taxing entities prior to the public hearing on the urban renewal plan. If the proposed urban renewal plan or proposed urban renewal project within the urban renewal area includes the use of taxes resulting from a division of revenue under [section 403.19](#) for a public building, including but not limited to a police station, fire station, administration building, swimming pool, hospital, library, recreational building, city hall, or other public building that is exempt from taxation, including the grounds of, and the erection, equipment, remodeling, or reconstruction of, and additions or extensions to, such a building, the municipality shall include with the proposed plan notification an analysis of alternative development options and funding for the urban renewal area or urban renewal project and the reasons such options would be less feasible than the proposed urban renewal plan or proposed urban renewal project. A copy of the analysis required in this subparagraph shall be included with the urban renewal report required under [section 331.403](#) or [384.22](#), as applicable, and filed by December 1 following adoption of the urban renewal plan or project.

(2) Each affected taxing entity may appoint a representative to attend the consultation. The consultation may include a discussion of the estimated growth in valuation of taxable property included in the proposed urban renewal area, the fiscal impact of the division of revenue on the affected taxing entities, the estimated impact on the provision of services by each of the affected taxing entities in the proposed urban renewal area, and the duration of any bond issuance included in the plan. The designated representative of the affected taxing entity may make written recommendations for modification to the proposed division of revenue no later than seven days following the date of the consultation. The representative of the municipality shall, no later than seven days prior to the public hearing on the urban renewal plan, submit a written response to the affected taxing entity addressing the recommendations for modification to the proposed division of revenue.

3. The local governing body shall hold a public hearing on an urban renewal plan after public notice thereof by publication in a newspaper having a general circulation in the area of operation of the municipality. The notice shall describe the time, date, place and purpose of the hearing, shall generally identify the urban renewal area covered by the plan, and shall outline the general scope of the urban renewal activities under consideration. A copy of the notice shall be sent by ordinary mail to each affected taxing entity.

4. Following such hearing, the local governing body may approve an urban renewal plan if it finds that:

a. A feasible method exists for the location of families who will be displaced from the

urban renewal area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families.

b. (1) The urban renewal plan conforms to the general plan of the municipality as a whole; provided, that if the urban renewal area consists of an area of open land to be acquired by the municipality, such area shall not be so acquired except:

(a) If it is to be developed for residential uses, the local governing body shall determine that a shortage of housing of sound standards and design with decency, safety, and sanitation exists in the municipality; that the acquisition of the area for residential uses is an integral part of and essential to the program of the municipality; and that one or more of the following conditions exist:

(i) That the need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas, including other portions of the urban renewal area.

(ii) That conditions of blight in the municipality and the shortage of decent, safe, and sanitary housing cause or contribute to an increase in and spread of disease and crime, so as to constitute a menace to the public health, safety, morals, or welfare.

(iii) That the provision of public improvements related to housing and residential development will encourage housing and residential development which is necessary to encourage the retention or relocation of industrial and commercial enterprises in this state and its municipalities.

(iv) The acquisition of the area is necessary to provide for the construction of housing for low and moderate income families.

(b) If it is to be developed for nonresidential uses, the local governing body shall determine that such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives.

(2) The acquisition of open land authorized in subparagraph (1), subparagraph divisions (a) and (b) may require the exercise of governmental action, as provided in [this chapter](#), because of defective or unusual conditions of title, diversity of ownership, tax delinquency, improper subdivisions, outmoded street patterns, deterioration of site, economic disuse, unsuitable topography or faulty lot layouts, or because of the need for the correlation of the area with other areas of a municipality by streets and modern traffic requirements, or any combination of such factors or other conditions which retard development of the area. If such governmental action involves the exercise of eminent domain authority, the municipality is subject to the limitations of [this chapter](#) and [chapters 6A and 6B](#).

5. a. Except as otherwise provided in [this subsection](#), an urban renewal plan may be modified at any time. However, if the urban renewal plan is modified after the lease or sale by the municipality of real property in the urban renewal project area, such modification may be conditioned upon such approval of the owner, lessee, or successor in interest as the municipality may deem advisable, and in any event such modification shall be subject to such rights at law or in equity as a lessee or purchaser, or a lessee's or purchaser's successor or successors in interest, may be entitled to assert.

b. A municipality shall not approve an urban renewal project for an urban renewal area unless the governing body has amended or modified the adopted urban renewal plan to include the urban renewal project.

c. The municipality shall comply with the notification, consultation, and hearing process provided in [this section](#) prior to the approval of any amendment or modification to an adopted urban renewal plan if such amendment or modification provides for refunding bonds or refinancing resulting in an increase in debt service or provides for the issuance of bonds or other indebtedness, to be funded primarily in the manner provided in [section 403.19](#), or if such amendment or modification provides for the inclusion and approval of an urban renewal project under paragraph "b". However, the review and recommendation process conducted by the municipality's planning commission under [subsection 2](#), paragraph "a", shall not be required when amending or modifying an adopted urban renewal plan.

d. Once determined to be a blighted area, a slum area, or an economic development area by a municipality, an urban renewal area shall not be redetermined by the municipality throughout the duration of the urban renewal area.

6. Upon the approval by a municipality of an urban renewal plan or of any modification thereof, such plan or modification shall be deemed to be in full force and effect for the respective urban renewal area, and the municipality may then cause such plan or modification to be carried out in accordance with its terms.

7. Notwithstanding any other provisions of [this chapter](#), where the local governing body certifies that an area is in need of redevelopment or rehabilitation as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe respecting which the governor of the state has certified the need for disaster assistance under Pub. L. No. 81-875, Eighty-first Congress, 64 Stat. 1109, codified at 42 U.S.C. §1855 – 1855g or other federal law, the local governing body may approve an urban renewal plan and an urban renewal project with respect to such area without regard to the provisions of [subsection 4](#) and without regard to provisions of [this section](#) requiring notification and consultation, a general plan for the municipality, and a public hearing on the urban renewal plan or project.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.5]

85 Acts, ch 66, §3; 94 Acts, ch 1182, §6; 96 Acts, ch 1204, §14 – 16; 99 Acts, ch 171, §35, 41, 42; 2006 Acts, ch 1010, §97; 2006 Acts, 1st Ex, ch 1001, §35, 36, 49; 2010 Acts, ch 1061, §157, 180; 2012 Acts, ch 1124, §13, 14

Referred to in [§403.14](#), [§403.17](#)

#### **403.6 Powers of municipality.**

The provisions of [this chapter](#) shall be liberally interpreted to achieve the purposes of [this chapter](#). Every municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of [this chapter](#), including the following powers in addition to others herein granted:

1. To undertake and carry out urban renewal projects within its area of operation, to make and execute contracts and other instruments necessary or convenient to the exercise of its powers under [this chapter](#), and to disseminate slum clearance and urban renewal information.

2. To arrange or contract for the furnishing or repair by any person of services, privileges, works, streets, roads, public utilities or other facilities for or in connection with an urban renewal project; to install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public improvements; and to agree to any conditions, that it may deem reasonable and appropriate, attached to federal financial assistance and imposed pursuant to federal law relating to the determination of prevailing salaries or wages or compliance with labor standards, in the undertaking or carrying out of an urban renewal project; and to include in any contract let in connection with such a project, provisions to fulfill such of said conditions as it may deem reasonable and appropriate.

3. Within its area of operation, to enter into any building or property in any urban renewal area in order to make inspections, surveys, appraisals, soundings or test borings, and to obtain an order for this purpose from a court of competent jurisdiction in the event entry is denied or resisted; to acquire by purchase, lease, option, gift, grant, bequest, devise, eminent domain or otherwise, any real property, or personal property for administrative purposes, together with any improvements thereon; to hold, improve, clear or prepare for redevelopment any such property; to mortgage, pledge, hypothecate or otherwise encumber or dispose of any real property; to insure or provide for the insurance of any real or personal property or operations of the municipality against any risks or hazards, including the power to pay premiums on any such insurance; and to enter into any contracts necessary to effectuate the purposes of [this chapter](#). A municipality or other public body exercising powers under [this chapter](#) with respect to the acquisition, clearance, or disposition of property shall not be restricted by any other statutory provision in the exercise of such powers unless such statutory provision specifically states its application to [this chapter](#) or unless [this chapter](#) specifically applies restrictions contained in another statutory provision to the powers that may be exercised under [this chapter](#).

4. To invest any urban renewal project funds held in reserves or sinking funds, or any such funds not required for immediate disbursement, in property or securities in which a state bank may legally invest funds subject to its control; to redeem such bonds as have been

issued pursuant to [section 403.9](#) at the redemption price established therein, or to purchase such bonds at less than redemption price, all such bonds so redeemed or purchased to be canceled.

5. To borrow money and to apply for and accept advances, loans, grants, contributions and any other form of financial assistance from the federal government, the state, county, or other public body, or from any sources, public or private, for the purposes of [this chapter](#), and to give such security as may be required, and to enter into and carry out contracts in connection therewith. A municipality may include in any contract, for financial assistance with the federal government for an urban renewal project, such conditions imposed pursuant to federal laws as the municipality may deem reasonable and appropriate and which are not inconsistent with the purposes of the chapter.

6. Within its area of operation, to make or have made all surveys and planning necessary to the carrying out of the purposes of [this chapter](#), and to contract with any person in making and carrying out of such planning, and to adopt or approve, modify and amend such planning. Such planning may include, without limitation:

- a. A general plan for the locality as a whole;
- b. Urban renewal plans;
- c. Preliminary plans outlining urban renewal activities for neighborhoods to embrace two or more urban renewal areas;
- d. Planning for carrying out a program of voluntary or compulsory repair and rehabilitation of buildings and improvements;
- e. Planning for the enforcement of state and local laws, codes and regulations relating to the use of land and the use and occupancy of buildings and improvements and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements;
- f. Appraisals, title searches, surveys, studies, and other planning and work necessary to prepare for the undertaking of urban renewal projects. The municipality is authorized to develop, test, and report methods and techniques, and carry out demonstrations and other activities, for the prevention and the elimination of slums and urban blight and to apply for, accept and utilize grants of funds from the federal government for such purposes.

7. To plan for the relocation of persons, including families, business concerns and others, displaced by an urban renewal project, and to make relocation payments to or with respect to such persons for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, including the making of such payments financed by the federal government. Other provisions of the Code notwithstanding, in making such payments on projects not federally funded, the municipality may pay relocation assistance benefits in the amounts authorized by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Pub. L. No. 91-646, as amended by the Uniform Relocation Act Amendments of 1987, Tit. IV, Pub. L. No. 100-17.

8. To appropriate such funds and make such expenditures as may be necessary to carry out the purposes of [this chapter](#), and to levy taxes and assessments for such purposes; to zone or rezone any part of the municipality or make exceptions from building regulations; and to enter into agreements, respecting action to be taken by such municipality pursuant to any of the powers granted by [this chapter](#), with an urban renewal agency vested with urban renewal project powers under [section 403.14](#), which agreements may extend over any period, notwithstanding any provision of rule of law to the contrary.

9. To close, vacate, plan or replan streets, roads, sidewalks, ways or other places; and to plan or replan any part of the municipality.

10. Within its area of operation, to organize, coordinate and direct the administration of the provisions of [this chapter](#) as they apply to such municipality in order that the objective of remedying slum and blighted areas, and preventing the causes thereof, within such municipality, may be most effectively promoted and achieved; and to establish such new office or offices of the municipality, or to reorganize existing offices, in order to carry out such purpose most effectively.

11. To exercise all or any part of combination of powers herein granted.
12. To approve urban renewal plans.
13. To sell and convey real property in furtherance of an urban renewal project.

14. To supplement the rent required to be paid by any family residing in the municipality forced to relocate by reason of any governmental activity, provided it is necessary to do so in order to house such family in decent, safe and sanitary housing and provided further that such family does not have sufficient means, as determined by the municipality, to pay the required rent for such housing. Any such rent supplement for any such family shall not continue for more than five years.

15. To acquire by purchase, gift or condemnation real property within its area of operation for the relocation of railroad passenger and freight depots, tracks, and yard and other railroad facilities and to sell or exchange and convey such real property to railroads.

16. To acquire or dispose of by purchase, construction, or lease, or otherwise to deal in air rights, and facilities or easements for lateral or vertical support of land or structures of any kind.

17. Subject to applicable state or federal regulations in effect at the time of the municipal action, accept contributions, grants, and other financial assistance from the state or federal government to be used upon a finding of public purpose for grants, loans, loan guarantees, interest supplements, technical assistance, or other assistance as necessary or appropriate to private persons for an urban renewal project.

18. To provide in an urban renewal plan for the exclusion from taxation of value added to real estate during the process of construction for development or redevelopment. The exclusion may be limited as to the scope of exclusion, territory, or class of property affected. However, the value added during construction shall not be eligible for exclusion from taxation for more than two years and the exclusion shall not be applied to a facility which has been more than eighty percent completed as of the most recent date of assessment. This subsection permits the elimination only of those taxes which are levied against assessments made during the construction of the development or redevelopment.

19. a. A municipality, upon entering into a development or redevelopment agreement pursuant to section 403.8, subsection 1, or as otherwise permitted in this chapter, may enter into a written assessment agreement with the developer of taxable property in the urban renewal area which establishes a minimum actual value of the land and completed improvements to be made on the land until a specified termination date which shall not be later than the date after which the tax increment will no longer be remitted to the municipality pursuant to section 403.19, subsection 2. The assessment agreement shall be presented to the appropriate assessor. The assessor shall review the plans and specifications for the improvements to be made and if the minimum actual value contained in the assessment agreement appears to be reasonable, the assessor shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be made on it, certifies that the actual value assigned to that land and improvements upon completion shall not be less than \$.....

b. This assessment agreement with the certification of the assessor and a copy of this subsection shall be filed in the office of the county recorder of the county where the property is located. Upon completion of the improvements, the assessor shall value the property as required by law, except that the actual value shall not be less than the minimum actual value contained in the assessment agreement. This subsection does not prohibit the assessor from assigning a higher actual value to the property or prohibit the owner from seeking administrative or legal remedies to reduce the actual value assigned except that the actual value shall not be reduced below the minimum actual value contained in the assessment agreement. An assessor, county auditor, board of review, director of revenue, or court of this state shall not reduce or order the reduction of the actual value below the minimum actual value in the agreement during the term of the agreement regardless of the actual value which may result from the incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording of an assessment agreement complying with this

**subsection** constitutes notice of the assessment agreement to a subsequent purchaser or encumbrancer of the land or any part of it, whether voluntary or involuntary, and is binding upon a subsequent purchaser or encumbrancer.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.6]

83 Acts, ch 48, §2, 3; 84 Acts, ch 1210, §1; 88 Acts, ch 1209, §3; 96 Acts, ch 1204, §17; 2002 Acts, ch 1119, §160; 2003 Acts, ch 145, §286; 2006 Acts, 1st Ex, ch 1001, §37, 49; 2010 Acts, ch 1061, §180; 2010 Acts, ch 1069, §132 – 134; 2015 Acts, ch 29, §48

Referred to in §403.8, §403.14, §427B.19D

Subsection 1 amended

#### **403.7 Condemnation of property.**

1. A municipality shall have the right to acquire by condemnation any interest in real property, including a fee simple title thereto, which it may deem necessary for or in connection with an urban renewal project under **this chapter**, subject to the limitations on eminent domain authority in **chapter 6A**. However, a municipality shall not condemn agricultural land included within an economic development area for any use unless the owner of the agricultural land consents to condemnation or unless the municipality determines that the land is necessary or useful for any of the following:

a. The operation of a city utility as defined in **section 362.2**.

b. The operation of a city franchise conferred the authority to condemn private property under **section 364.2**.

c. The operation of a combined utility system as defined in **section 384.80**.

2. A municipality shall exercise the power of eminent domain in the manner provided in **chapter 6B**. Property already devoted to a public use may be acquired in like manner. However, real property belonging to the state, or any political subdivision of this state, shall not be acquired without its consent, and real property or any right or interest in the property owned by any public utility company, pipeline company, railway or transportation company vested with the right of eminent domain under the laws of this state shall not be acquired without the consent of the company, or without first securing, after due notice to the company and after hearing, a certificate authorizing condemnation of the property from the board, commission, or body having the authority to grant a certificate authorizing condemnation.

3. In a condemnation proceeding, if a municipality proposes to take a part of a lot or parcel of real property, the municipality shall also take the remaining part of the lot or parcel if requested by the owner.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.7]

85 Acts, ch 66, §4; 99 Acts, ch 171, §36, 41, 42; 2006 Acts, 1st Ex, ch 1001, §38, 49

#### **403.8 Sale or lease of property.**

1. A municipality may sell, lease or otherwise transfer real property or any interest in real property acquired by it, and may enter into contracts for such purposes, in an urban renewal area for residential, recreational, commercial, industrial or other uses, or for public use, subject to covenants, conditions and restrictions, including covenants running with the land, it deems to be necessary or desirable to assist in preventing the development or spread of future slums or blighted areas, or to otherwise carry out the purposes of **this chapter**. However, the sale, lease, other transfer, or retention, and any agreement relating to it, may be made only after the approval of the urban renewal plan by the local governing body. The purchasers or lessees and their successors and assigns shall devote the real property only to the uses specified in the urban renewal plan, and they may be obligated to comply with other requirements the municipality determines to be in the public interest, including the requirement to begin within a reasonable time any improvements on the real property required by the urban renewal plan. The real property or interest shall be sold, leased, otherwise transferred, or retained at not less than its fair value for uses in accordance with the urban renewal plan except as provided in **subsection 3**. In determining the fair value of real property for uses in accordance with the urban renewal plan, a municipality shall take into account and give consideration to the uses provided in the plan; the restrictions upon, and the covenants, conditions and obligations assumed by the purchaser or lessee or by the

municipality retaining the property; and the objectives of the plan for the prevention of the recurrence of slum or blighted areas. The municipality in an instrument of conveyance to a private purchaser or lessee may provide that the purchaser or lessee shall not sell, lease or otherwise transfer the real property, without the prior written consent of the municipality, until the purchaser or lessee has completed the construction of any or all improvements which the purchaser or lessee has become obligated to construct. Real property acquired by a municipality which, in accordance with the urban renewal plan, is to be transferred, shall be transferred as rapidly as feasible in the public interest, consistent with the carrying out of the urban renewal plan. A contract for a transfer under the urban renewal plan, or a part or parts of the contract or plan as the municipality determines, may be recorded in the land records of the county in a manner to afford actual or constructive notice of the contract or plan.

2. *a.* A municipality may dispose of real property in an urban renewal area to private persons only under reasonable competitive bidding procedures it shall prescribe, or as provided in [this subsection](#). A municipality, by public notice by publication in a newspaper having a general circulation in the community, thirty days prior to the execution of a contract to sell, lease or otherwise transfer real property, and prior to the delivery of an instrument of conveyance with respect to the real property under [this section](#), may invite proposals from and make available all pertinent information to any persons interested in undertaking to redevelop or rehabilitate an urban renewal area, or a part of the area. The notice shall identify the area, or portion of the area, and shall state that proposals shall be made by those interested within thirty days after the date of publication of the notice, and that further information available may be obtained at the office designated in the notice. The municipality shall consider all redevelopment or rehabilitation proposals, and the financial and legal ability of the persons making the proposals to carry them out, and the municipality may negotiate with any persons for proposals concerning the purchase, lease or other transfer of real property acquired by the municipality in the urban renewal area. The municipality may accept the proposal it deems to be in the public interest and in furtherance of the purposes of [this chapter](#). However, a notification of intention to accept the proposal shall be filed with the governing body not less than thirty days prior to the acceptance. Thereafter, the municipality may execute a contract in accordance with [subsection 1](#) and may deliver deeds, leases and other instruments and may take all steps necessary to effectuate the contract.

*b.* However, [this subsection](#) does not apply to real property disposed of for the purpose of development or redevelopment as an industrial building or facility, facilities for use as a center for export for international trade, a home office or regional office facility for a multistate business or which meets the criteria set forth in [subsection 3](#).

3. The requirement that real property or an interest in real property transferred or retained for the purpose of a development or redevelopment be sold, leased, otherwise transferred, or retained at not less than its fair market value does not apply if the developer enters into a written assessment agreement with the municipality pursuant to [section 403.6](#), [subsections 18 and 19](#), and the minimum actual value contained in the assessment agreement would indicate that there will be sufficient taxable valuations to permit the collection of incremental taxes as provided in [section 403.19](#), [subsection 2](#), to cause the indebtedness and other costs incurred by the municipality with respect to the property or interest transferred or retained to be repayable as to principal within four tax years following the commencement of full operation of the development.

4. A municipality may temporarily operate and maintain real property acquired in an urban renewal area pending the disposition of the property as authorized in [this chapter](#), without regard to the provisions of [subsection 1](#) above, for such uses and purposes as may be deemed desirable, even though not in conformity with the urban renewal plan.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.8]

[84 Acts, ch 1210, §2, 3; 88 Acts, ch 1144, §1, 3; 2010 Acts, ch 1061, §180; 2014 Acts, ch 1026, §82](#)

Referred to in [§403.6](#)

#### **403.9 Issuance of bonds.**

1. A municipality shall have power to periodically issue bonds in its discretion to pay the

costs of carrying out the purposes and provisions of [this chapter](#), including but not limited to the payment of principal and interest upon any advances for surveys and planning, and the payment of interest on bonds, herein authorized, not to exceed three years from the date the bonds are issued. The municipality shall have power to issue refunding bonds for the payment or retirement of such bonds previously issued by the municipality. Said bonds shall be payable solely from the income and proceeds of the fund and portion of taxes referred to in [section 403.19, subsection 2](#), and revenues and other funds of the municipality derived from or held in connection with the undertaking and carrying out of urban renewal projects under [this chapter](#). The municipality may pledge to the payment of the bonds the fund and portion of taxes referred to in [section 403.19, subsection 2](#), and may further secure the bonds by a pledge of any loan, grant, or contribution from the federal government or other source in aid of any urban renewal projects of the municipality under [this chapter](#), or by a mortgage of any such urban renewal projects, or any part thereof, title which is vested in the municipality.

2. Bonds issued under [this section](#) shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and shall not be subject to the provisions of any other law or charter relating to the authorization, issuance or sale of bonds. Bonds issued under the provisions of [this chapter](#) are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, shall be exempted from all taxes.

3. a. Bonds issued under [this section](#) shall be authorized by resolution or ordinance of the local governing body and may be issued in one or more series and shall bear such date or dates, be payable upon demand or mature at such time or times, bear interest at such rate or rates not exceeding that permitted by [chapter 74A](#) be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, with or without premium, be secured in such manner, and have such other characteristics, as may be provided by such resolution or trust indenture or mortgage issued pursuant thereto.

b. Before the local governing body may institute proceedings for the issuance of bonds under [this section](#), a notice of the proposed action, including a statement of the amount and purposes of the bonds and the time and place of the meeting at which the local governing body proposes to take action for the issuance of the bonds, must be published as provided in [section 362.3](#). At the meeting, the local governing body shall receive oral or written objections from any resident or property owner of the municipality. After all objections have been received and considered, the local governing body, at that meeting or any subsequent meeting, may take additional action for the issuance of the bonds or abandon the proposal to issue the bonds. Any resident or property owner of the municipality may appeal the decision of the local governing body to take additional action to the district court of the county in which any part of the municipality is located, within fifteen days after the additional action is taken. The additional action of the local governing body is final and conclusive unless the court finds that the municipality exceeded its authority.

4. Such bonds may be sold at not less than ninety-eight percent of par at public or private sale, or may be exchanged for other bonds at not less than ninety-eight percent of par.

5. In case any of the public officials of the municipality whose signatures appear on any bonds or coupons issued under [this chapter](#) shall cease to be such officials before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such officials had remained in office until such delivery. Any provision of any law to the contrary notwithstanding, any bonds issued pursuant to [this chapter](#) shall be fully negotiable.

6. In any suit, action or proceeding involving the validity or enforceability of any bond issued under [this chapter](#) or the security therefor, any such bond reciting in substance that it has been issued by the municipality in connection with an urban renewal project, as herein defined, shall be conclusively deemed to have been issued for such purpose and such project

shall be conclusively deemed to have been planned, located and carried out in accordance with the provisions of [this chapter](#).

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.9]

[96 Acts, ch 1204, §18, 19; 2010 Acts, ch 1061, §180; 2014 Acts, ch 1026, §83; 2015 Acts, ch 30, §113](#)

Referred to in [§403.6, §403.12, §403.19, §422.7](#)  
Subsection 1 amended

#### **403.10 Bonds as legal investment.**

All banks, trust companies, savings associations, investment companies, and other persons carrying on an investment business; all insurance companies, insurance associations, and other persons carrying on an insurance business; and all executors, administrators, curators, trustees, and other fiduciaries, may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in any bonds or other obligations issued by a municipality pursuant to [this chapter](#), or those issued by any urban renewal agency vested with urban renewal project powers under [section 403.14](#). Such bonds and other obligations shall be authorized security for all public deposits. It is the purpose of [this section](#) to authorize any persons, political subdivisions and officers, public or private, to use any funds owned or controlled by them for the purchase of any such bonds or other obligations. Nothing contained in [this section](#) with regard to legal investments shall be construed as relieving any person of any duty of exercising reasonable care in selecting securities.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.10]

[96 Acts, ch 1204, §20; 2012 Acts, ch 1017, §78](#)

#### **403.11 Exemptions from legal process.**

1. All property of a municipality, including funds, owned or held by it for the purposes of [this chapter](#) shall be exempt from levy and sale by virtue of an execution. Execution or other judicial process shall not issue against the property and a judgment against a municipality shall not be a charge or lien upon such property. However, the provisions of [this section](#) shall not apply to or limit the right of obligees to pursue any remedies for the enforcement of any pledge or lien given pursuant to [this chapter](#) by a municipality on its rents, fees, grants or revenues from urban renewal projects.

2. The property of a municipality, acquired or held for the purposes of [this chapter](#), is declared to be public property used for essential public and governmental purposes, and such property shall be exempt from all taxes of the municipality, the county, the state, or any political subdivision thereof. However, such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.11]

[2011 Acts, ch 34, §90](#)

#### **403.12 Powers of municipality.**

1. For the purpose of aiding in the planning, undertaking or carrying out of an urban renewal project located within the area in which it is authorized to act, any public body may, upon such terms, with or without consideration, as it may determine:

a. Dedicate, sell, convey or lease any of its interest in any property, or grant easements, licenses or other rights or privileges therein to a municipality;

b. Incur the entire expense of any public improvements made by such public body in exercising the powers granted in [this section](#);

c. Do any and all things necessary to aid or cooperate in the planning or carrying out of an urban renewal project;

d. Lend, grant or contribute funds to a municipality;

e. Enter into agreements, which may extend over any period, notwithstanding any provision or rule of law to the contrary, with a municipality or other public body respecting action to be taken pursuant to any of the powers granted by [this chapter](#), including the furnishing of funds or other assistance in connection with an urban renewal project;

f. Cause public buildings and public facilities, including parks, playgrounds, and recreational, community, educational, water, sewer or drainage facilities, or any other works which it is otherwise empowered to undertake to be furnished;

g. Furnish, dedicate, close, vacate, pave, install, grade, regrade, plan or replan streets, roads, sidewalks, ways or other places;

h. Plan or replan, zone or rezone any part of the public body or make exceptions from building regulations;

i. Cause administrative and other services to be furnished to the municipality.

2. If at any time title to or possession of any urban renewal project is held by any public body or governmental agency, including any agency or instrumentality of the United States, other than the municipality, which is authorized by law to engage in the undertaking, carrying out, or administration of urban renewal projects, the provisions of the agreements referred to in [this section](#) shall inure to the benefit of and may be enforced by such public body or governmental agency. As used in [this subsection](#), the term “municipality” shall also include an urban renewal agency vested with all of the urban renewal project powers pursuant to the provisions of [section 403.14](#).

3. Any sale, conveyance, lease or agreement provided for in [this section](#) may be made by a public body without appraisal, public notice, advertisement or public bidding.

4. For the purpose of aiding in the planning, undertaking or carrying out of an urban renewal project of an urban renewal agency, a municipality may, in addition to its other powers and upon such terms, with or without consideration, as it may determine, do and perform any or all of the actions or things which, by the provisions of [subsection 1](#) of [this section](#), a public body is authorized to do or perform, including the furnishing of financial and other assistance.

5. For the purposes of [this section](#), or for the purpose of aiding in the planning, undertaking, or carrying out of an urban renewal project of a municipality, a municipality may, in addition to any authority to issue bonds pursuant to [section 403.9](#), issue and sell its general obligation bonds. Any bonds issued by a municipality pursuant to [this section](#) must be issued, in the case of a city, by resolution of the council in the manner and within the limitations prescribed by [chapter 384, division III](#), or in the case of a county, by resolution of the board of supervisors in the manner and within the limitations prescribed by [chapter 331, division IV, part 3](#). Bonds issued pursuant to the provisions of [this subsection](#) must be sold in the manner prescribed by [chapter 75](#). The additional power granted in [this subsection](#) for the financing of public undertakings and activities by municipalities within an urban renewal area shall not be construed as a limitation of the existing powers of municipalities.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.12]

[94 Acts, ch 1182, §7](#); [2012 Acts, ch 1023, §157](#)

Referred to in [§331.441, §384.24](#)

#### **403.13 Presumption of title.**

Any instrument executed by a municipality and purporting to convey any right, title or interest in any property under [this chapter](#) shall be conclusively presumed to have been executed in compliance with the provisions of [this chapter](#) insofar as title or other interest of any bona fide purchasers, lessees or transferees of such property is concerned.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.13]

#### **403.14 Urban renewal agency powers.**

1. A municipality may itself exercise its urban renewal project powers, as herein defined, or may, if the local governing body by resolution determines such action to be in the public interest, elect to have such powers exercised by the urban renewal agency, if one exists or is subsequently established in the community. In the event the local governing body makes such determination, the urban renewal agency shall be vested with all of the urban renewal project powers in the same manner as though all such powers were conferred on such agency instead of the municipality. If the local governing body does not elect to make such determination, the municipality in its discretion may exercise its urban renewal project powers through a

board or commissioner, or through such officers of the municipality as the local governing body may by resolution determine.

2. As used in [this section](#), the term “*urban renewal project powers*” shall include the rights, powers, functions and duties of a municipality under [this chapter](#), except the following:

a. The power to determine an area to be a slum or blighted area or combination thereof and to designate such area as appropriate for an urban renewal project and to hold any public hearings required with respect thereto;

b. The power to approve urban renewal plans and modifications thereof;

c. The power to establish a general plan for the locality as a whole;

d. The power to formulate a workable program under [section 403.3](#);

e. The power to make the determinations and findings provided for in [section 403.4](#), and [section 403.5, subsection 4](#);

f. The power to issue general obligation bonds;

g. The power to appropriate funds, to levy taxes and assessments, and to exercise other powers provided for in [section 403.6, subsection 8](#).

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.14]

Referred to in [§403.6](#), [§403.10](#), [§403.12](#), [§403.15](#), [§403.16](#)

#### **403.15 Agency created.**

1. There is hereby created in each municipality a public body corporate and politic to be known as the “urban renewal agency” of the municipality. An urban renewal agency shall not transact any business or exercise its powers hereunder until or unless the local governing body has made the finding prescribed in [section 403.4](#), and has elected to have the urban renewal project powers exercised by an urban renewal agency as provided in [section 403.14](#).

2. If the urban renewal agency is authorized to transact business and exercise powers pursuant to [this chapter](#), the mayor or chairperson of the board, as applicable, by and with the advice and consent of the local governing body, shall appoint a board of commissioners of the urban renewal agency, which board shall consist of five commissioners. In cities having a population of more than one hundred thousand, the city council may establish, by ordinance, the number of commissioners at not less than five. The term of office of each such commissioner shall be one year.

3. A commissioner shall receive no compensation for services, but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of the commissioner’s duties. Each commissioner shall hold office until a successor has been appointed and has qualified. A certificate of the appointment or reappointment of any commissioner shall be filed with the clerk of the municipality, and such certificate shall be conclusive evidence of the due and proper appointment of such commissioner.

4. The powers of an urban renewal agency shall be exercised by the commissioners thereof. A majority of the commissioners shall constitute a quorum for the purpose of conducting business and exercising the powers of the agency, and for all other purposes. Action may be taken by the agency upon a vote of a majority of the commissioners present, unless in any case the bylaws shall require a larger number. Any persons may be appointed as commissioners if they reside within the area of operation of the agency, which area shall be coterminous with the area of operation of the municipality, and if they are otherwise eligible for such appointments under [this chapter](#).

5. The mayor or chairperson of the board, as applicable, shall designate a chairperson and vice chairperson from among the commissioners. An agency may employ an executive director, technical experts and such other agents and employees, permanent and temporary, as it may require, and the agency may determine their qualifications, duties, and compensation. For such legal service as it may require, an agency may employ or retain its own counsel and legal staff. An agency authorized to transact business and exercise powers under [this chapter](#) shall file, with the local governing body, on or before September 30 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial statement setting forth its assets, liabilities, income and operating expense as of the end of such fiscal year. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the city or county, as applicable, a notice

to the effect that such report has been filed with the municipality, and that the report is available for inspection during business hours in the office of the city clerk or county auditor, as applicable, and in the office of the agency.

6. For inefficiency, or neglect of duty, or misconduct in office, a commissioner may be removed only after a hearing, and after the commissioner shall have been given a copy of the charges at least ten days prior to such hearing, and after the commissioner shall have had an opportunity to be heard in person or by counsel.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.15]

91 Acts, ch 214, §1; 95 Acts, ch 114, §4; 2015 Acts, ch 30, §114

Referred to in §403.17  
Subsection 1 amended

#### **403.16 Personal interest prohibited.**

No public official or employee of a municipality, or board or commission thereof, and no commissioner or employee of an urban renewal agency, which has been vested by a municipality with urban renewal project powers under [section 403.14](#), shall voluntarily acquire any personal interest, as hereinafter defined, whether direct or indirect, in any urban renewal project, or in any property included or planned to be included in any urban renewal project of such municipality, or in any contract or proposed contract in connection with such urban renewal project. Where such acquisition is not voluntary, the interest acquired shall be immediately disclosed in writing to the local governing body, and such disclosure shall be entered upon the minutes of the governing body. If any such official, commissioner or employee presently owns or controls, or has owned or controlled within the preceding two years, any interest, as hereinafter defined, whether direct or indirect, in any property which the official, commissioner or employee knows is included or planned to be included in an urban renewal project, the official, commissioner or employee shall immediately disclose this fact in writing to the local governing body, and such disclosure shall be entered upon the minutes of the governing body; and any such official, commissioner or employee shall not participate in any action by the municipality, or board or commission thereof, or urban renewal agency affecting such property, as the terms of such proscription are hereinafter defined. For the purposes of [this section](#) the following definitions and standards of construction shall apply:

1. “*Action affecting such property*” shall include only that action directly and specifically affecting such property as a separate property but shall not include any action, any benefits of which accrue to the public generally, or which affects all or a substantial portion of the properties included or planned to be included in such a project.

2. Employment by a public body, its agencies, or institutions or by any other person having such an interest shall not be deemed an interest by such employee or of any ownership or control by such employee of interests of the employee’s employer. Such an employee may participate in an urban renewal project so long as any benefits of such participation accrue to the public generally, such participation affects all or a substantial portion of the properties included or planned to be included in such a project, or such participation promotes the public purposes of such project, and shall limit only that participation by an employee which directly or specifically affects property in which an employer of an employee has an interest.

3. The word “*participation*” shall be deemed not to include discussion or debate preliminary to a vote of a local governing body or agency upon proposed ordinances or resolutions relating to such a project or any abstention from such a vote.

4. The designation of a bank or trust company as depository, paying agent, or agent for investment of funds shall not be deemed a matter of interest or personal interest.

5. Stock ownership in a corporation having such an interest shall not be deemed an indicia of an interest or of ownership or control by the person owning such stocks when less than five percent of the outstanding stock of the corporation is owned or controlled directly or indirectly by such person.

6. The word “*action*” shall not be deemed to include resolutions advisory to the local governing body or agency by any citizens group, board, body, or commission designated to serve a purely advisory approving or recommending function under [this chapter](#).

7. The limitations of [this section](#) shall be construed to permit action by a public official, commissioner, or employee where any benefits of such action accrue to the public generally, such action affects all or a substantial portion of the properties included or planned to be included in such a project, or such action promotes the public purposes of such project, and shall be construed to limit only that action by a public official, commissioner, or employee which directly or specifically affects property in which such official, commissioner, or employee has an interest or in which an employer of such official, commissioner, or employee has an interest. Any disclosure required to be made by [this section](#) to the local governing body shall concurrently be made to an urban renewal agency which has been vested with urban renewal project powers by the municipality pursuant to the provisions of [section 403.14](#). No commissioner or other officer of any urban renewal agency, board or commission exercising powers pursuant to [this chapter](#) shall hold any other public office under the municipality, other than the commissionership or office with respect to such urban renewal agency, board or commission. Any violation of the provisions of [this section](#) shall constitute misconduct in office, but no ordinance or resolution of a municipality or agency shall be invalid by reason of a vote or votes cast in violation of the standards of [this section](#) unless such vote or votes were decisive in the passage of such ordinance or resolution.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.16]

#### **403.17 Definitions.**

The following terms wherever used or referred to in [this chapter](#), shall have the following meanings, unless a different meaning is clearly indicated by the context:

1. “*Affected taxing entity*” means a city, county, or school district which levied or certified for levy a property tax on any portion of the taxable property located within the urban renewal area in the fiscal year beginning prior to the calendar year in which a proposed urban renewal plan is submitted to the local governing body for approval.

2. “*Agency*” or “*urban renewal agency*” shall mean a public agency created by [section 403.15](#).

3. “*Agricultural land*” means real property owned by a person in tracts of ten acres or more and not laid off into lots of less than ten acres or divided by streets and alleys into parcels of less than ten acres, and that has been used for the production of agricultural commodities during three out of the past five years. Such use of property includes, but is not limited to, the raising, harvesting, handling, drying, or storage of crops used for feed, food, seed, or fiber; the care or feeding of livestock; the handling or transportation of crops or livestock; the storage, treatment, or disposal of livestock manure; and the application of fertilizers, soil conditioners, pesticides, and herbicides on crops. Agricultural land includes land on which is located farm residences or outbuildings used for agricultural purposes and land on which is located facilities, structures, or equipment for agricultural purposes. Agricultural land includes land taken out of agricultural production for purposes of environmental protection or preservation.

4. “*Area of operation*” of a city means the area within the corporate limits of the city and, with the consent of the county, the area within two miles of such limits, except that it does not include any area which lies within the territorial boundaries of another incorporated city, unless a resolution has been adopted by the governing body of the city declaring a need to be included in the area. The “*area of operation*” of a county means an area outside the corporate limits of a city. However, in that area outside a city’s boundary but within two miles of the city’s boundary, a joint agreement between the city and the county is required allowing the county to proceed with the activities authorized under [this chapter](#). In addition, a county may proceed with activities authorized under [this chapter](#) in an area inside the boundaries of a city, provided a joint agreement is entered into with respect to such activities between a city and a county.

5. “*Blighted area*” means an area of a municipality within which the local governing body of the municipality determines that the presence of a substantial number of slum, deteriorated, or deteriorating structures; defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; insanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or

special assessment delinquency exceeding the fair 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 any combination of these 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. A disaster area referred to in [section 403.5, subsection 7](#), constitutes a “*blighted area*”. “*Blighted area*” does not include real property assessed as agricultural property for purposes of property taxation.

6. “*Board*” or “*commission*” shall mean a board, commission, department, division, office, body, or other unit of the municipality.

7. “*Bonds*” shall mean any bonds, including refunding bonds, notes, interim certificates, certificates of indebtedness, debentures, or other obligations.

8. “*Chairperson of the board*” means the chairperson of the board of supervisors or other legislative body charged with governing a county.

9. “*Clerk*” shall mean the clerk or other official of the municipality who is the custodian of the official records of such municipality.

10. “*Economic development area*” means an area of a municipality designated by the local governing body as appropriate for commercial and industrial enterprises, public improvements related to housing and residential development, or construction of housing and residential development for low and moderate income families, including single or multifamily housing. If an urban renewal plan for an urban renewal area is based upon a finding that the area is an economic development area and that no part contains slum or blighted conditions, then the division of revenue provided in [section 403.19](#) and stated in the plan shall be limited to twenty years from the calendar year following the calendar year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of revenue provided in [section 403.19](#). Such designated area shall not include agricultural land, including land which is part of a century farm, unless the owner of the agricultural land or century farm agrees to include the agricultural land or century farm in the urban renewal area. For the purposes of [this subsection](#), “*century farm*” means a farm in which at least forty acres of such farm have been held in continuous ownership by the same family for one hundred years or more.

11. “*Federal government*” shall include the United States or any agency or instrumentality, corporate or otherwise, of the United States.

12. “*Housing and residential development*” means single or multifamily dwellings to be constructed in an area with respect to which the local governing body of the municipality determines that there is an inadequate supply of affordable, decent, safe, and sanitary housing and that providing such housing is important to meeting any or all of the following objectives: retaining existing industrial or commercial enterprises; attracting and encouraging the location of new industrial or commercial enterprises; meeting the needs of special elements of the population, such as the elderly or persons with disabilities; and providing housing for various income levels of the population which may not be adequately served.

13. “*Local governing body*” means the council, board of supervisors, or other legislative body charged with governing the municipality.

14. “*Low or moderate income families*” means those families, including single person households, earning no more than eighty percent of the higher of the median family income of the county or the statewide nonmetropolitan area as determined by the latest United States department of housing and urban development, section 8 income guidelines.

15. “*Mayor*” shall mean the mayor of a municipality, or other officer or body having the duties customarily imposed upon the executive head of a municipality.

16. “*Municipality*” means any city or county in the state.

17. “*Obligee*” shall include any bondholder, agents, or trustees for any bondholders, or any lessor demising to the municipality property used in connection with an urban renewal project, or any assignee or assignees of such lessor’s interest or any part thereof, and the federal government, when it is a party to any contract with the municipality.

18. “*Person*” shall mean any individual, firm, partnership, corporation, company,

association, joint stock association; and shall include any trustee, receiver, assignee, or other person acting in a similar representative capacity for an individual or such entities.

19. “Public body” shall mean the state or any political subdivision thereof.

20. “Public officer” shall mean any officer who is in charge of any department or branch of the government of the municipality relating to health, fire, building regulations, or to other activities concerning dwellings in the municipality.

21. “Real property” shall include all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest, right and use, legal or equitable, therein, including terms for years and liens by way of judgment, mortgage or otherwise.

22. “Slum area” shall mean an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which: by reason of dilapidation, deterioration, age or obsolescence; by reason of inadequate provision for ventilation, light, air, sanitation, or open spaces; by reason of high density of population and overcrowding; by reason of the existence of conditions which endanger life or property by fire and other causes; or which by any 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, morals, or welfare. “Slum area” does not include real property assessed as agricultural property for purposes of property taxation.

23. “Urban renewal area” means a slum area, blighted area, economic development area, or combination of the areas, which the local governing body designates as appropriate for an urban renewal project.

24. “Urban renewal plan” means a plan for the development, redevelopment, improvement, or rehabilitation of a designated urban renewal area, as it exists from time to time. The plan shall meet the following requirements:

a. Conform to the general plan for the municipality as a whole except as provided in [section 403.5, subsection 7](#).

b. Be sufficiently complete to indicate the real property located in the urban renewal area to be acquired for the proposed development, redevelopment, improvement, or rehabilitation, and to indicate any zoning district changes, existing and future land uses, and the local objectives respecting development, redevelopment, improvement, or rehabilitation related to the future land uses plan, and need for improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements within the urban renewal area.

c. If the plan includes a provision for the division of taxes as provided in [section 403.19](#), the plan shall also include a list of the current general obligation debt of the municipality, the current constitutional debt limit of the municipality, and the proposed amount of indebtedness to be incurred, including loans, advances, indebtedness, or bonds which qualify for payment from the special fund referred to in [section 403.19, subsection 2](#).

25. “Urban renewal project” may include undertakings and activities of a municipality in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, may include the designation and development of an economic development area in an urban renewal area, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal program. The undertakings and activities may include:

a. Acquisition of a slum area, blighted area, economic development area, or portion of the areas;

b. Demolition and removal of buildings and improvements;

c. Installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of [this chapter](#) in accordance with the urban renewal plan;

d. Disposition of any property acquired in the urban renewal area, including sale, initial leasing, or retention by the municipality itself, at its fair value for uses in accordance with the urban renewal plan;

- e. Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;
- f. Acquisition of any other real property in the urban renewal area, where necessary to eliminate unhealthful, insanitary, or unsafe conditions, or to lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;
- g. Sale and conveyance of real property in furtherance of an urban renewal project;
- h. Expenditure of proceeds of bonds issued before October 7, 1986, for the construction of parking facilities on city blocks adjacent to an urban renewal area.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.17]

85 Acts, ch 66, §5 – 9; 86 Acts, ch 1237, §23; 87 Acts, ch 104, §5; 89 Acts, ch 299, §4; 91 Acts, ch 186, §2 – 4; 91 Acts, ch 214, §2, 3; 94 Acts, ch 1182, §8, 9; 96 Acts, ch 1050, §1; 96 Acts, ch 1129, §113; 96 Acts, ch 1204, §21; 99 Acts, ch 171, §37, 38, 41, 42; 2002 Acts, ch 1119, §161; 2012 Acts, ch 1124, §15

Referred to in §15A.1, §368.26, §403A.22, §404.1, §423B.10, §437A.15

Subsection 1 and 1994 amendments to subsections 4, 5, 10, 14, 22, and 24 apply to plans approved on or after January 1, 1995, except that the century farm amendment to subsection 10 applies to plans approved on or after July 1, 1994; 94 Acts, ch 1182, §15

Subsection 3 and 1999 amendments to subsection 10 apply to state highway construction projects approved for commencement by the transportation commission on or after July 1, 1999, and to all other condemnation proceedings in which the application for condemnation is filed on or after July 1, 1999; see 99 Acts, ch 171, §42

1999 amendment to subsection 10 applies to urban renewal areas established on or after July 1, 1999, and to agricultural land included in an urban renewal area established before July 1, 1999, if the land is so included by amendment to the urban renewal plan adopted on or after that date; see 99 Acts, ch 171, §41

**403.18 Rule of construction.**

Insofar as the provisions of [this chapter](#) may be inconsistent with the provisions of any other law, the provisions of [this chapter](#) shall be controlling. The powers conferred by [this chapter](#) shall be in addition and supplemental to the powers conferred by any other law.

[C58, 62, 66, 71, 73, 75, 77, 79, 81, §403.18]

FINANCING, PROJECT REQUIREMENTS, AND AUDITS

**403.19 Division of revenue from taxation — tax increment financing.**

A municipality may provide by ordinance that taxes levied on taxable property in an urban renewal area each year by or for the benefit of the state, city, county, school district, or other taxing district, shall be divided as follows:

- 1. a. Unless otherwise provided in [this section](#), that portion of the taxes which would be produced by the rate at which the tax is levied each year by or for each of the taxing districts upon the total sum of the assessed value of the taxable property in the urban renewal area, as shown on the assessment roll as of January 1 of the calendar year preceding the first calendar year in which the municipality certifies to the county auditor the amount of loans, advances, indebtedness, or bonds payable from the division of property tax revenue, or on the assessment roll last equalized prior to the date of initial adoption of the urban renewal plan if the plan was adopted prior to July 1, 1972, shall be allocated to and when collected be paid into the fund for the respective taxing district as taxes by or for the taxing district into which all other property taxes are paid. However, the municipality may choose to divide that portion of the taxes which would be produced by levying the municipality’s portion of the total tax rate levied by or for the municipality upon the total sum of the assessed value of the taxable property in the urban renewal area, as shown on the assessment roll as of January 1 of the calendar year preceding the effective date of the ordinance and if the municipality so chooses, an affected taxing entity may allow a municipality to divide that portion of the taxes which would be produced by levying the affected taxing district’s portion of the total tax rate levied by or for the affected taxing entity upon the total sum of the assessed value of the taxable property in the urban renewal area, as shown on the assessment roll as of January 1 of the calendar year preceding the effective date of the ordinance. This choice to divide a portion of the taxes shall not be construed to change the effective date of the division of property tax revenue with respect to an urban renewal plan in existence on July 1, 1994.

b. For the purpose of allocating taxes levied by or for any taxing district which did not include the territory in an urban renewal area on the effective date of the ordinance or initial adoption of the plan, but to which the territory has been annexed or otherwise included after the effective date, the assessment roll applicable to property in the annexed territory as of January 1 of the calendar year preceding the effective date of the ordinance, which amends the plan to include the annexed area, shall be used in determining the assessed valuation of the taxable property in the annexed area.

c. For the purposes of dividing taxes under [section 260E.4](#), the applicable assessment roll for purposes of paragraph “a” shall be the assessment roll as of January 1 of the calendar year preceding the first written agreement providing that all or a portion of program costs are to be paid for by incremental property taxes. The community college shall file a copy of the agreement with the appropriate assessor. The assessor may, within fourteen days of such filing, physically inspect the applicable taxable business property. If upon such inspection the assessor determines that there has been a change in the value of the property from the value as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement and such change in value is due to new construction, additions or improvements to existing structures, or remodeling of existing structures for which a building permit was required, the assessor shall promptly determine the value of the property as of the inspection in the manner provided in [chapter 441](#) and that value shall be included for purposes of the jobs training project in the assessed value of the employer’s taxable business property as shown on the assessment roll as of January 1 of the calendar year preceding the filing of the agreement. The assessor, within thirty days of such filing, shall notify the community college and the employer or business of that valuation which shall be included in the assessed valuation for purposes of [this subsection](#) and [section 260E.4](#). The value determined by the assessor shall reflect the change in value due solely to new construction, additions or improvements to existing structures, or remodeling of existing structures for which a building permit was required.

2. a. That portion of the taxes each year in excess of such amount shall be allocated to and when collected be paid into a special fund of the municipality to pay the principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded, assumed, or otherwise, including bonds issued under the authority of [section 403.9](#), [subsection 1](#), incurred by the municipality to finance or refinance, in whole or in part, an urban renewal project within the area, and to provide assistance for low and moderate income family housing as provided in [section 403.22](#). However, except as provided in paragraph “b”, taxes for the regular and voter-approved physical plant and equipment levy of a school district imposed pursuant to [section 298.2](#) and taxes for the instructional support program of a school district imposed pursuant to [section 257.19](#), taxes for the payment of bonds and interest of each taxing district, and taxes imposed under [section 346.27](#), [subsection 22](#), related to joint county-city buildings shall be collected against all taxable property within the taxing district without limitation by the provisions of [this subsection](#).

b. (1) All or a portion of the taxes for the physical plant and equipment levy shall be paid by the school district to the municipality if the auditor certifies to the school district by July 1 the amount of such levy that is necessary to pay the principal and interest on bonds issued by the municipality to finance an urban renewal project, which bonds were issued before July 1, 2001. Indebtedness incurred to refund bonds issued prior to July 1, 2001, shall not be included in the certification. Such school district shall pay over the amount certified by November 1 and May 1 of the fiscal year following certification to the school district.

(2) (a) All or a portion of the taxes for the instructional support program levy of a school district shall be paid by the school district to the municipality if the auditor, pursuant to [subsection 11](#), certifies to the school district by July 1 the amount of such levy that is necessary to pay the principal and interest on bonds issued or other indebtedness incurred by the municipality to finance an urban renewal project if such bonds or indebtedness were issued or incurred on or before April 24, 2012. Such school district shall pay over the amount certified by November 1 and May 1 of the fiscal year following certification to the school district.

(b) In lieu of payment to a municipality under subparagraph division (a), a school district

may by resolution of the board of directors of the school district approve at a regular meeting of the board of directors the payment of all or a portion of the instructional support program property tax revenue excluded under paragraph “a”, to the municipality for the payment of principal and interest on such bonds issued or such other indebtedness incurred by the municipality before, on, or after April 24, 2012.

c. Unless and until the total assessed valuation of the taxable property in an urban renewal area exceeds the total assessed value of the taxable property in such area as shown by the last equalized assessment roll referred to in [subsection 1](#), all of the taxes levied and collected upon the taxable property in the urban renewal area shall be paid into the funds for the respective taxing districts as taxes by or for the taxing districts in the same manner as all other property taxes. When such loans, advances, indebtedness, and bonds, if any, and interest thereon, have been paid, all moneys thereafter received from taxes upon the taxable property in such urban renewal area shall be paid into the funds for the respective taxing districts in the same manner as taxes on all other property.

d. In those instances where a school district has entered into an agreement pursuant to [section 279.64](#) for sharing of school district taxes levied and collected from valuation described in [this subsection](#) and released to the school district, the school district shall transfer the taxes as provided in the agreement.

3. The portion of taxes mentioned in [subsection 2](#) and the special fund into which they shall be paid, may be irrevocably pledged by a municipality for the payment of the principal and interest on loans, advances, bonds issued under the authority of [section 403.9, subsection 1](#), or indebtedness incurred by a municipality to finance or refinance, in whole or in part, the urban renewal project within the area.

4. As used in [this section](#) the word “taxes” includes, but is not limited to, all levies on an ad valorem basis upon land or real property.

5. An ordinance adopted under [this section](#) providing for a division of revenue shall be filed in the office of the county auditor of each county where the property that is subject to the ordinance is located.

6. a. (1) A municipality shall certify to the county auditor on or before December 1 the amount of loans, advances, indebtedness, or bonds, including interest negotiated on such loans, advances, indebtedness, or bonds, which qualify for payment from the special fund referred to in [subsection 2](#), for each urban renewal area in the municipality, and the filing of the certificate shall make it a duty of the auditor to provide for the division of taxes in each subsequent year without further certification, except as provided in paragraphs “b” and “c”, until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund. Such certification shall include all amounts which qualify for payment from the special fund referred to in [subsection 2](#) during the next fiscal year and all amounts which qualify for payment from the special fund in any subsequent fiscal year. If any loans, advances, indebtedness, or bonds are issued which qualify for payment from the special fund and which are in addition to amounts already certified, the municipality shall certify the amount of the additional obligations on or before December 1 of the year such obligations were issued, and the filing of the certificate shall make it a duty of the auditor to provide for the division of taxes in each subsequent year without further certification, except as provided in paragraphs “b” and “c”, until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund. Any subsequent certifications under [this subsection](#) shall not include amounts previously certified.

(2) A certification made under this paragraph “a” shall include the date that the individual loans, advances, indebtedness, or bonds were initially approved by the governing body of the municipality.

b. If the amount certified in paragraph “a” is reduced by payment from sources other than the division of taxes, by a refunding or refinancing of the obligation which results in lowered principal and interest on the amount of the obligation, or for any other reason, the municipality on or before December 1 of the year the action was taken which resulted in the reduction shall certify the amount of the reduction to the county auditor.

c. In any year, the county auditor shall, upon receipt of a certified request from a municipality filed on or before December 1, increase the amount to be allocated under

[subsection 1](#) in order to reduce the amount to be allocated in the following fiscal year to the special fund, to the extent that the municipality does not request allocation to the special fund of the full portion of taxes which could be collected. Upon receipt of a certificate from a municipality, the auditor shall mail a copy of the certificate to each affected taxing district.

d. For purposes of [this section](#), “*indebtedness*” includes but is not limited to written agreements whereby the municipality agrees to exempt, rebate, refund, or reimburse property taxes, provide a grant for property taxes paid, or make a direct payment of taxes, with moneys in the special fund referred to in [subsection 2](#), and bonds, notes, or other obligations that are secured by or subject to payment from moneys appropriated by the municipality from moneys in the special fund referred to in [subsection 2](#).

7. Tax collections within each taxing district may be allocated to the entire taxing district including the taxes on the valuations determined under [subsection 1](#) and to the special fund created under [subsection 2](#) in the proportion of their taxable valuations determined as provided in [this section](#).

8. For any fiscal year, a municipality may certify to the county auditor for physical plant and equipment revenue necessary for payment of principal and interest on bonds issued prior to July 1, 2001, only if the municipality certified for such revenue for the fiscal year beginning July 1, 2000. A municipality shall not certify to the county auditor for a school district more than the amount the municipality certified for the fiscal year beginning July 1, 2000. If for any fiscal year a municipality fails to certify to the county auditor for a school district by July 1 the amount of physical plant and equipment revenue necessary for payment of principal and interest on such bonds, as provided in [subsection 2](#), the school district is not required to pay over the revenue to the municipality. If a school district and a municipality are unable to agree on the amount of physical plant and equipment revenue certified by the municipality for the fiscal year beginning July 1, 2001, either party may request that the state appeal board review and finally pass upon the amount that may be certified. Such appeals must be presented in writing to the state appeal board no later than July 31 following certification. The burden shall be on the municipality to prove that the physical plant and equipment levy revenue is necessary to pay principal and interest on bonds issued prior to July 1, 2001. A final decision must be issued by the state appeal board no later than the following October 1.

9. a. Moneys from any source deposited into the special fund created in [this section](#) shall not be expended for or otherwise used in connection with an urban renewal project approved on or after July 1, 2012, that includes the relocation of a commercial or industrial enterprise not presently located within the municipality, unless one of the following occurs:

(1) The local governing body of the municipality where the commercial or industrial enterprise is currently located and the local governing body of the municipality where the commercial or industrial enterprise is proposing to relocate have either entered into a written agreement concerning the relocation of the commercial or industrial enterprise or have entered into a written agreement concerning the general use of economic incentives to attract commercial or industrial development within those municipalities.

(2) The local governing body of the municipality where the commercial or industrial enterprise is proposing to relocate finds that the use of deposits into the special fund for an urban renewal project that includes such a relocation is in the public interest. A local governing body’s finding that an urban renewal project that includes a commercial or industrial enterprise relocation is in the public interest shall include written verification from the commercial or industrial enterprise that the enterprise is actively considering moving all or a part of its operations to a location outside the state and a specific finding that such an out-of-state move would result in a significant reduction in either the enterprise’s total employment in the state or in the total amount of wages earned by employees of the enterprise in the state.

b. For the purposes of [this subsection](#), “*relocation*” means the closure or substantial reduction of an enterprise’s existing operations in one area of the state and the initiation of substantially the same operation in the same county or a contiguous county in the state. [This subsection](#) does not prohibit an enterprise from expanding its operations in another area of the state provided that existing operations of a similar nature are not closed or substantially reduced.

10. a. Interest or earnings received on amounts deposited into the special fund created in [this section](#) and the net proceeds from the sale of assets purchased using amounts deposited into the special fund created in [this section](#) shall be credited to the special fund and shall be used solely for the purposes specified in [this section](#).

b. Moneys in the special fund created in [this section](#) shall not be transferred to another fund of the municipality except for the payment of loans, advances, indebtedness, or bonds that qualify for payment from the special fund.

11. For any fiscal year, a municipality may certify to the county auditor for instructional support program property tax revenue necessary for payment of principal and interest on bonds issued or other indebtedness incurred for an urban renewal project on or before April 24, 2012. If for any fiscal year a municipality fails to certify to the county auditor by July 1 the amount of instructional support program property tax revenue necessary for payment of principal and interest on such bonds, as provided in [subsection 2](#), the school district is not required to pay over the revenue to the municipality. If a school district and a municipality are unable to agree on the amount of instructional support program property tax revenue certified by the municipality, either party may request that the state appeal board review and finally pass upon the amount that may be certified. Such appeals must be presented in writing to the state appeal board no later than July 31 following certification. The burden shall be on the municipality to prove that the instructional support program property tax revenue is necessary to pay principal and interest on the applicable bonds. A final decision must be issued by the state appeal board no later than the following October 1.

[C71, 73, 75, 77, 79, 81, §403.19]

85 Acts, ch 240, §3 – 5; 88 Acts, ch 1144, §2, 3; 91 Acts, ch 214, §4; 94 Acts, ch 1182, §10 – 12; 96 Acts, ch 1047, §1; 96 Acts, ch 1180, §16; 96 Acts, ch 1204, §22, 23; 2000 Acts, ch 1054, §2, 3; 2001 Acts, ch 176, §40, 41, 47; 2006 Acts, ch 1131, §1; 2006 Acts, ch 1156, §2; 2010 Acts, ch 1061, §180; 2011 Acts, ch 50, §1; 2012 Acts, ch 1060, §6, 7; 2012 Acts, ch 1124, §16 – 21, 26

Referred to in §2.48, §24.21, §260E.2, §260E.4, §279.64, §298.3, §331.403, §331.441, §357H.9, §384.22, §403.5, §403.6, §403.8, §403.9, §403.17, §403.20, §403.22, §403.23, §423B.7, §423B.10, §427B.17, §427B.19, §427B.19A, §427B.19C, §437A.15, §437B.11, §441.21A, §455H.309

2012 amendment to subsection 2 relating to the division of taxes for joint city-county buildings applies to property taxes due and payable in fiscal years beginning on or after July 1, 2013; 2012 Acts, ch 1060, §7

2012 amendments relating to the division of taxes for the instructional support program of a school district apply to property taxes due and payable in fiscal years beginning on or after July 1, 2013; 2012 Acts, ch 1124, §26

**403.19A Targeted jobs withholding credit — pilot project.**

1. For purposes of [this section](#), unless the context otherwise requires:

a. “*Business*” means an enterprise that is located in this state and that is operated for profit and under a single management. “*Business*” includes professional services and industrial enterprises, including but not limited to medical treatment facilities, manufacturing facilities, corporate headquarters, and research facilities. “*Business*” does not include a retail operation, a government entity, or a business which closes or substantially reduces its operation in one area of this state and relocates substantially the same operation to another area of this state.

b. “*Employee*” means the individual employed in a targeted job that is subject to a withholding agreement.

c. “*Employer*” means a business creating or retaining targeted jobs in a pilot project city pursuant to a withholding agreement.

d. “*Pilot project city*” means a city that has applied and been approved as a pilot project city pursuant to [subsection 2](#).

e. “*Qualifying investment*” means a capital investment in real property including the purchase price of land and existing buildings, site preparation, building construction, and long-term lease costs. “*Qualifying investment*” also means a capital investment in depreciable assets. For purposes of this paragraph, “*long-term lease costs*” means those costs incurred or expected to be incurred under a lease during the duration of a withholding agreement.

f. “*Retained job*” means a full-time equivalent position in existence at the time an employer applies to the authority for approval of a withholding agreement and which remains continuously filled and which is at risk of elimination if the project for which the employer is seeking assistance under the withholding agreement does not proceed.

g. “*Targeted job*” means a job in a business which is or will be located in a pilot project city that pays a wage at least equal to the countywide average wage. “*Targeted job*” includes new or retained jobs from Iowa business expansions or retentions within the city limits of the pilot project city and those jobs resulting from established out-of-state businesses, as defined by the economic development authority, moving to or expanding in Iowa.

h. “*Withholding agreement*” means the agreement between a pilot project city, the economic development authority, and an employer concerning the targeted jobs withholding credit authorized in [subsection 3](#).

2. a. An eligible city may apply for designation as a pilot project city pursuant to [this subsection](#). An eligible city is a city that contains three or more census tracts and is located in a county meeting one of the following requirements:

- (1) A county that borders Nebraska.
- (2) A county that borders South Dakota.
- (3) A county that borders a state other than Nebraska or South Dakota.

b. (1) The department of economic development shall approve four eligible cities as pilot project cities, one pursuant to paragraph “a”, subparagraph (1), one pursuant to paragraph “a”, subparagraph (2), and two pursuant to paragraph “a”, subparagraph (3). If two eligible cities are approved which are located in the same county and the county has a population of less than forty-five thousand, the two approved eligible cities shall be considered one pilot project city. If more than two cities meeting the requirements of paragraph “a”, subparagraph (3), apply to be designated as a pilot project city, the department of economic development shall determine which two cities hold the most potential to create new jobs or generate the greatest capital within their areas. Applications from eligible cities filed on or after October 1, 2006, shall not be considered.

(2) If a pilot project city does not enter into a withholding agreement within one year of its approval as a pilot project city, the city shall lose its status as a pilot project city. If two pilot project cities are located in the same county, the loss of status by one pilot project city shall not cause the second pilot project city in the county to lose its status as a pilot project city. Upon such occurrence, the department of economic development shall take applications from other eligible cities to replace that city. Another city shall be designated within six months.

(3) On July 1, 2011, the economic development authority shall assume responsibility for the administration of [this subsection](#).

3. a. A pilot project city may provide by resolution for the deposit into a designated withholding project fund of the targeted jobs withholding credit described in [this section](#). The targeted jobs withholding credit shall be based upon the wages paid to employees pursuant to a withholding agreement.

b. An amount equal to three percent of the gross wages paid by an employer to each employee under a withholding agreement shall be credited from the payment made by the employer pursuant to [section 422.16](#). If the amount of the withholding by the employer is less than three percent of the gross wages paid to the employees covered by the withholding agreement, the employer shall receive a credit against other withholding taxes due by the employer or may carry the credit forward for up to ten years or until depleted, whichever is the earlier. The employer shall remit the amount of the credit quarterly, in the same manner as withholding payments are reported to the department of revenue, to the pilot project city to be allocated to and when collected paid into a designated withholding project fund for the project. All amounts so deposited shall be used or pledged by the pilot project city for a project related to the employer pursuant to the withholding agreement.

c. (1) The pilot project city and the economic development authority shall enter into a withholding agreement with each employer concerning the targeted jobs withholding credit. The withholding agreement shall provide for the total amount of withholding credits awarded, as negotiated by the economic development authority, the pilot project city, and the employer. An agreement shall not provide for an amount of withholding credits that exceeds the amount of the qualifying investment made in the project. An agreement shall not be entered into with a business currently located in this state unless the business either creates or retains ten jobs or makes a qualifying investment of at least five hundred thousand dollars within the pilot project city. The withholding agreement may have a term of years negotiated by the

economic development authority, the pilot project city, and the employer, of up to ten years. A withholding agreement specifying a term of years or a total amount of withholding credits shall terminate upon the expiration of the term of years specified in the agreement or upon the award of the total amount of withholding credits specified in the agreement, whichever occurs first. An employer shall not be obligated to enter into a withholding agreement. An agreement shall not be entered into with an employer not already located in a pilot project city when another Iowa community is competing for the same project and both the pilot project city and the other Iowa community are seeking assistance from the authority.

(2) The pilot project city and the economic development authority shall not enter into a withholding agreement after June 30, 2018.

(3) The employer, in conjunction with the pilot project city, shall provide on an annual basis to the economic development authority information documenting the total amount of payments and receipts under a withholding agreement, including all agreements with an employer to suspend, abate, exempt, rebate, refund, or reimburse property taxes, to provide a grant for property taxes paid or a grant not related to property taxes, or to make a direct payment of taxes, with moneys in the withholding project fund. The economic development authority shall verify the information provided and determine whether the pilot project city and the employer are in compliance with [this section](#) and the rules adopted by the economic development authority to implement [this section](#).

(4) The economic development authority board, on behalf of the authority, shall have the authority to approve or deny a withholding agreement according to the provisions of [this section](#). Each withholding agreement, and the total amount of withholding credits allowed under the withholding agreement, shall be approved by the economic development authority board after taking into account the incentives or assistance received by or to be received by the employer under other economic development programs. The economic development authority board shall only deny an agreement if the agreement fails to meet the requirements of this paragraph “c” or the local match requirements in paragraph “k”, or if an employer is not in good standing as to prior or existing agreements with the economic development authority. The authority shall have the authority to negotiate a withholding agreement and may suggest changes to any of the terms of the agreement.

d. A withholding agreement shall be disclosed to the public and shall contain but is not limited to all of the following:

(1) A copy of the adopted local development agreement between the pilot project city and the employer that outlines local incentives or assistance for the project using urban renewal or urban revitalization incentives, if applicable.

(2) A list of any other amounts of incentives or assistance the employer may be receiving from other economic development programs, including grants, loans, forgivable loans, and tax credits.

(3) The approval of local participating authorities.

(4) The amount of local incentives or assistance received for each project of the employer.

e. (1) The employer shall certify to the department of revenue that the targeted jobs withholding credit is in accordance with the withholding agreement and shall provide other information the department may require. Notice of any withholding agreement shall be provided promptly to the department of revenue following execution of the agreement by the pilot project city and the employer.

(2) Following termination of the withholding agreement, the employer credits shall cease and any money received by the pilot project city after termination shall be remitted to the treasurer of state to be deposited into the general fund of the state. Notice shall be provided promptly to the department of revenue following termination.

f. Pursuant to rules adopted by the economic development authority, the pilot project city shall provide on an annual basis to the economic development authority information documenting the compliance of each employer with each requirement of the withholding agreement, including but not limited to the number of jobs created or retained and the amount of investment made by the employer. The economic development authority shall, in response to receiving such information from the pilot project city, assess the level of compliance by each employer and provide to the pilot project city recommendations for

either maintaining employer compliance with the withholding agreement or terminating the agreement for noncompliance under paragraph “g”. The economic development authority shall also provide each such assessment and recommendation report to the department of revenue.

g. If the economic development authority, following an eighteen-month performance period beginning on the date the withholding agreement is approved by the authority board, determines that the employer ceases to meet the requirements of the withholding agreement relating to retaining jobs, if applicable, the agreement shall be terminated by the economic development authority and the pilot project city and any withholding credits for the benefit of the employer shall cease. If the economic development authority, following a three-year performance period beginning on the date the withholding agreement is approved by the authority board, determines that the employer has not or is incapable of meeting the requirements of the withholding agreement relating to creating jobs, if applicable, or the requirement of the withholding agreement relating to the qualifying investment prior to the end of the withholding agreement, the economic development authority may reduce the future benefits to the employer under the agreement or negotiate with the other parties to terminate the agreement early. Notice shall be provided promptly by the pilot project city to the department of revenue following termination of a withholding agreement.

h. A pilot project city shall certify to the department of revenue the amount of the targeted jobs withholding credit an employer has remitted to the city and shall provide other information the department may require.

i. An employee whose wages are subject to a withholding agreement shall receive full credit for the amount withheld as provided in [section 422.16](#).

j. An employer may participate in a new jobs credit from withholding under [section 260E.5](#), or a supplemental new jobs credit from withholding under [section 15E.197, Code 2014](#), or under [section 15.331, Code 2005](#), at the same time as the employer is participating in the withholding credit under [this section](#). Notwithstanding any other provision in [this section](#), the new jobs credit from withholding under [section 260E.5](#), and the supplemental new jobs credit from withholding under [section 15E.197, Code 2014](#), or under [section 15.331, Code 2005](#), shall be collected and disbursed prior to the withholding credit under [this section](#).

k. (1) A pilot project city entering into a withholding agreement shall arrange for matching local financial support for the project. The local match required under this paragraph “k” shall be in an amount equal to one dollar for every dollar of withholding credit received by the pilot project city.

(2) For purposes of this paragraph “k”, “*local financial support*” means cash or in-kind contributions to the project from a private donor, a business, or the pilot project city.

(3) If the project, when completed, will increase the amount of an employer’s taxable capital investment by an amount equal to at least ten percent of the amount of withholding credit dollars received by the pilot project city, then the pilot project city shall itself contribute at least ten percent of the local match amount computed under subparagraph (1).

(4) If the project, when completed, will not increase the amount of an employer’s taxable capital investment by an amount at least equal to ten percent of the amount of withholding credit dollars received by the pilot project city, then the pilot project city shall not be required to make a contribution to the local match.

(5) A pilot project city’s contribution, if any, to the local match may include the dollar value of any tax abatement provided by the city to the business for new construction.

l. At the time of submitting its budget to the department of management, the pilot project city shall submit to the department of management and the economic development authority a description of the activities involving the use of withholding agreements. The description shall include but is not limited to the following:

(1) The total number of targeted jobs and a breakdown as to those that are Iowa business expansions or retentions within the city limits of the pilot project city and those that are jobs resulting from established out-of-state businesses moving to or expanding in Iowa.

(2) The number of withholding agreements and the amount of withholding credits involved.

(3) The types of businesses that entered into agreements, and the types of businesses that declined the city's proposal to enter into an agreement.

*m.* The economic development authority in consultation with the department of revenue shall coordinate the pilot project program with the pilot project cities under [this section](#). The economic development authority is authorized to adopt, amend, and repeal rules to implement the pilot project program under [this section](#).

2006 Acts, ch 1141, §1; 2007 Acts, ch 2, §1, 2; 2007 Acts, ch 126, §63; 2008 Acts, ch 1122, §15; 2009 Acts, ch 103, §1, 2; 2011 Acts, ch 25, §37, 38; 2011 Acts, ch 118, §81, 85, 89; 2011 Acts, ch 131, §126 – 129; 2012 Acts, ch 1018, §1; 2013 Acts, ch 111, §1 – 6; 2014 Acts, ch 1130, §35

Referred to in [§2.48](#)

Amendments by 2011 Acts, ch 131, §126 – 128 take effect July 27, 2011, and apply retroactively to July 1, 2006, for agreements entered into on or after that date; 2011 Acts, ch 131, §129

2013 amendments to subsection 1 and subsection 3, paragraphs a, b, c, and g, take effect July 1, 2013, and apply to withholding agreements entered into on or after July 1, 2013; subsection 3, paragraph f, takes effect July 1, 2013, and applies to withholding agreements entered into prior to, on, or after July 1, 2013; 2013 Acts, ch 111, §6

**403.20 Percentage of adjustment considered in value assessment.**

In determining the assessed value of property within an urban renewal area which is subject to a division of tax revenues pursuant to [section 403.19](#), the difference between the actual value of the property as determined by the assessor each year and the percentage of adjustment certified for that year by the director of revenue on or before November 1 pursuant to [section 441.21, subsection 9](#), multiplied by the actual value of the property as determined by the assessor, shall be subtracted from the actual value of the property as determined pursuant to [section 403.19, subsection 1](#). If the assessed value of the property as determined pursuant to [section 403.19, subsection 1](#), is reduced to zero, the additional valuation reduction shall be subtracted from the actual value of the property as determined by the assessor.

[C81, §403.20]

2003 Acts, ch 145, §286

Referred to in [§357H.9, §441.21A](#)

**403.21 Communication and cooperation regarding new jobs training projects.**

1. In order to promote communication and cooperation among cities, counties, and community colleges with respect to the allocation and division of taxes, no jobs training projects as defined in [chapter 260E](#) shall be undertaken within the area of operation of a municipality after July 1, 1995, unless the municipality and the community college have entered into an agreement or have jointly adopted a plan relating to a community college's new jobs training program which shall provide for a procedure for advance notification to each affected municipality, for exchange of information, for mutual consultation, and for procedural guidelines for all such new jobs training projects, including related project financing to be undertaken within the area of operation of the municipality. The joint agreement or the plan shall state its precise duration and shall be binding on the community college and the municipality with respect to all new jobs training projects, including related project financing undertaken during its existence. The joint agreement or plan shall be effective upon adoption and shall be placed on file in the office of the secretary of the board of directors of the community college and such other location as may be stated in the joint agreement or plan. The joint agreement or plan shall also be sent to each school district which levied or certified for levy a property tax on any portion of the taxable property located in the area of operation of the municipality in the fiscal year beginning prior to the calendar year in which the plan is adopted or the agreement is reached. If no such agreement is reached or plan adopted, the community college shall not use incremental property tax revenues to fund jobs training projects within the area of operation of the municipality. Agreements entered into between a community college and a city or county pursuant to [chapter 28E](#) shall not apply.

2. The community college shall send a copy of the final agreement prepared pursuant to [section 260E.3](#) to the economic development authority. For each year in which incremental property taxes are used to pay job training certificates issued for a project creating new jobs, the community college shall provide to the economic development authority a report of the

incremental property taxes and new jobs credits from withholding generated for that year, a specific description of the training conducted, the number of employees provided program services under the project, the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project.

3. For each year in which incremental property taxes are used to retire debt service on a jobs training advance issued for a project creating new jobs, the community college shall provide to the economic development authority a report of the incremental property taxes and new jobs credits from withholding generated for that year, a specific description of the training conducted, the number of employees provided services under the project, the median wage of employees in the new jobs in the project, and the administrative costs directly attributable to the project.

[94 Acts, ch 1182, §13, 15; 2011 Acts, ch 118, §85, 89; 2012 Acts, ch 1023, §46; 2014 Acts, ch 1132, §33](#)

**403.22 Public improvements related to housing and residential development — low income assistance requirements.**

1. With respect to any urban renewal area established upon the determination that the area is an economic development area, a division of revenue as provided in [section 403.19](#) shall not be allowed for the purpose of providing or aiding in the provision of public improvements related to housing and residential development, unless the municipality assures that the project will include assistance for low and moderate income family housing.

a. For a municipality with a population over fifteen thousand, the amount to be provided for low and moderate income family housing for such projects shall be either equal to or greater than the percentage of the original project cost that is equal to the percentage of low and moderate income residents for the county in which the urban renewal area is located as determined by the United States department of housing and urban development using section 8 guidelines or by providing such other amount as set out in a plan adopted by the municipality and approved by the economic development authority if the municipality can show that it cannot undertake the project if it has to meet the low and moderate income assistance requirements. However, the amount provided for low and moderate income family housing for such projects shall not be less than an amount equal to ten percent of the original project cost.

b. For a municipality with a population of fifteen thousand or less, the amount to be provided for low and moderate income family housing shall be the same as for a municipality of over fifteen thousand in population, except that a municipality of fifteen thousand or less in population is not subject to the requirement to provide not less than an amount equal to ten percent of the original project cost for low and moderate income family housing.

c. 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 economic development authority, which shows no low and moderate income housing need, and the economic development authority agrees that no low and moderate income family housing assistance is needed.

2. The assistance to low and moderate income housing may be in, but is not limited to, any of the following forms:

a. Lots for low and moderate income housing within or outside the urban renewal area.

b. Construction of low and moderate income housing within or outside the urban renewal area.

c. Grants, credits or other direct assistance to low and moderate income families living within or outside the urban renewal area, but within the area of operation of the municipality.

d. Payments to a low and moderate income housing fund established by the municipality to be expended for one or more of the above purposes, including matching funds for any state or federal moneys used for such purposes.

3. Sources for low and moderate income family housing assistance may include the following:

a. Proceeds from loans, advances, bonds or indebtedness incurred.

b. Annual distributions from the division of revenues pursuant to [section 403.19](#) related to the urban renewal area.

c. Lump sum or periodic direct payments from developers or other private parties under an agreement for development or redevelopment between the municipality and a developer.

d. Any other sources which are legally available for this purpose.

4. The assistance to low and moderate income family housing may be expended outside the boundaries of the urban renewal area.

5. Except for a municipality with a population under fifteen thousand, the division of the revenue under [section 403.19](#) for each project under [this section](#) shall be limited to tax collections for ten fiscal years beginning with the second fiscal year after the year in which the municipality first certifies to the county auditor the amount of any loans, advances, indebtedness, or bonds which qualify for payment from the division of the revenue in connection with the project. A municipality with a population under fifteen thousand may, with the approval of the governing bodies of all other affected taxing districts, extend the division of revenue under [section 403.19](#) for up to five years if necessary to adequately fund the project. The portion of the urban renewal area which is involved in a project under [this section](#) shall not be subject to any subsequent division of revenue under [section 403.19](#).

6. A municipality shall not prohibit or restrict the construction of manufactured homes in any project for which public improvements were finalized under [this section](#). As used in [this subsection](#), “*manufactured home*” means the same as under [section 435.1, subsection 3](#).

[96 Acts, ch 1204, §24; 97 Acts, ch 214, §9; 98 Acts, ch 1100, §56; 2010 Acts, ch 1061, §180; 2011 Acts, ch 118, §§5, 89](#)

Referred to in [§331.403, §384.22, §403.19](#)

**403.23 Audit — certificate of compliance.**

1. Each municipality that has established an urban renewal area that utilizes, or plans to utilize, revenues from the special fund created in [section 403.19](#), shall make an annual certification of compliance with [this section](#). For any year in which the municipality is audited in accordance with [section 11.6](#), such certification shall be audited as part of the municipality’s audit.

2. The certification required under [this section](#) shall include such information or documentation deemed appropriate by the auditor of state including but not limited to the information required to be reported under [section 331.403, subsection 3](#), or [section 384.22, subsection 2](#), as applicable.

3. The auditor of state shall adopt rules necessary to implement [this section](#).

[2012 Acts, ch 1124, §22](#)