

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. a. 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.

b. 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.

c. Notwithstanding other time limitations provided by [this subsection](#), for urban renewal areas established before January 1, 2018, a municipality 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 three years if necessary to adequately fund the project.

d. 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, §85, 89; 2024 Acts, ch 1094, §42, 47

Referred to in §331.403, 384.22, 403.19

Subsection 5 amended